

The Blended Workforce: Maximizing Agility Through Nonstandard Work Arrangements



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HUMAN CAPITAL MANAGEMENT SERIES

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TABLE OF CONTENTS

Foreword	4
Executive Summary	5
Introduction	7
The Strategic Use of Nonstandard Work Arrangements	8
Aging of the “Baby Boom” Generation	8
Rehiring Annuitants	8
Implementing a “Core-Ring” Model	9
Nonstandard Work Arrangements in the Federal Sector	10
How Nonstandard Work Arrangements Are Used	11
Nonstandard Work Arrangements in the Federal Government	14
NSWAs as a Means of Accommodating Fluctuations in Workflow	15
NSWAs as a Means of Providing a Family-Friendly Workplace and Promoting Work/Life Balance	18
NSWAs as a Screening and Recruitment Tool	19
NSWAs as a Means to Obtain Skills on Demand	21
NSWAs as a Means to Expand the Labor Pool by Addressing Demographic Trends	22
Three Case Studies on the Blended Workforce	24
Office of Naval Research/Naval Research Laboratory	24
Transportation Security Administration	28
National Aeronautics and Space Administration Glenn Research Center	30
Challenges and Opportunities in Expanding NSWAs Use	33
Direct-Hire NSWAs and Rehiring the Retired	33
Contract Workers and the Core-Ring Model	34
Do NSWAs Disadvantage Workers?	35
NSWAs, Variable Personnel Costs, and Performance Budgeting	35
Recommendations and Conclusion	37
Recommendations for the Office of Personnel Management	37
Recommendations for Agencies	39
Conclusion	41
Endnotes	42
About the Authors	44
Key Contact Information	46

F O R E W O R D

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On behalf of the IBM Center for The Business of Government, we are pleased to present this report, “The Blended Workforce: Maximizing Agility Through Nonstandard Work Arrangements,” by James R. Thompson and Sharon H. Mastracci.

A major component behind the current drive for civil service reform is the notion that improving performance will require more flexibility in the management of human resources. However, the vast majority of federal employees now fill full-time, full-year, permanent positions. Indeed, data from the Office of Personnel Management show that 90 percent of all hours worked by federal employees are by those in full-time, permanent positions.

According to Professors Thompson and Mastracci, this current employment model greatly impedes managerial flexibility when it comes to accommodating either rapid increases in demand requiring more staff or budget reductions requiring less staff. When reductions are required, agencies must go through reduction-in-force procedures, reduce expenses in a non-targeted way through attrition, and/or make disproportionate cuts in non-personnel-related accounts.

Nevertheless, there are a number of agencies that now have experience with what is termed “nonstandard work arrangements,” such as part-time, seasonal, and on-call jobs. Professors Thompson and Mastracci examine the experiences of 12 federal agencies with different forms of nonstandard work arrangements, focusing on why and in what ways these agencies use them. The report features three agencies—the Office of Naval Research/Naval Research Laboratory, the Transportation Security Administration, and the National Aeronautics and Space Administration—that have created flexible workforces. The primary advantage of such “*on demand*” work arrangements is flexibility. As the workload fluctuates, workers in nonpermanent jobs can be furloughed or let go.

The authors conclude by describing the advantages of nonstandard work arrangements. They recommend that these types of arrangements receive more attention by human resource management offices across government and that consideration be given to incorporating such positions into the human resource management strategies of agencies. We trust that this report will be thought-provoking for both agency leaders and human capital officers across the government as they frame their strategic human capital plans to meet the mission needs of their agencies in the 21st century.

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EXECUTIVE SUMMARY

The dominant idea driving many of the reforms now under way in the personnel world is that improved performance requires more flexibility in the management of human resources. In the federal sector, the new personnel system for the Department of Homeland Security features significant additional flexibility for managers in paying, promoting, disciplining, and laying off employees. Category rating, authorized under the Homeland Security Act of 2002, allows managers throughout the government greater flexibility in hiring. Even more recently, the Federal Workforce Flexibility Act of 2004 allows agencies greater discretion in awarding recruitment and retention bonuses.

One feature of the workplace that has thus far evaded the drive toward flexibility is that of work arrangements. The vast majority of federal employees continue to fill full-time, full-year, permanent positions. This practice greatly impedes managerial flexibility when it comes to accommodating budget cuts or a rapid increase in demand. When cuts are forthcoming, the choices are to go through a messy and disruptive reduction-in-force process, reduce expenses in a nontargeted way through attrition, and/or make disproportionate cuts in non-personnel-related accounts. Further, the traditional model provides little “surge capacity” should demand increase.

Agencies throughout the government have had experience with what we call “nonstandard work arrangements,” such as part-time, seasonal, and on-call jobs. For example, the Internal Revenue Service, the Forest Service, and the National Park Service have long made use of seasonal positions as a means of accommodating fluctuations in workflow. The Federal Emergency Management Agency has long made use of on-call job arrangements when

disaster strikes and there is a need to quickly ramp up the size of the workforce. But these agencies tend to be the exception.

We found that nonstandard work arrangements (NSWAs) have been a substantially incidental feature of the human resource programs at most agencies. While there are challenges in expanding the proportion of NSWA-type jobs, we conclude that their advantages warrant more attention by human resource management offices and that considerations regarding their use should be incorporated into agencies’ human resource management strategies. Particularly compelling in light of the large number of federal workers approaching retirement age is the prospect of rehiring retired employees on a temporary, part-time, or as-needed basis.

In this report, we review the experiences of 13 federal agencies with different forms of NSWAs. We focus on why and in what way these agencies use NSWAs, the advantages they afford as well as some of the challenges they create. We feature three agencies—the Office of Naval Research/Naval Research Laboratory, the Transportation Security Administration, and the National Aeronautics and Space Administration—which come the closest to having truly flexible workforces.

The Office of Naval Research/Naval Research Laboratory (ONR/NRL) emulates what in the private sector has come to be called a “core-ring” workforce structure. In this model, the core consists of permanent, full-time, full-year employees, and the ring consists of those in less permanent, nonstandard arrangements. At ONR/NRL, the “ring” is predominantly composed of workers brought in under contract with an outside staffing agency.

The primary advantage of this model is flexibility. As the workload fluctuates—either in a predictable manner by hour, week, month, or season; or in an unpredictable manner, as when the economy is in recession—workers in nonpermanent “ring” jobs can be furloughed or let go with relatively little disruption to the “core” of permanent workers. Private sector firms have found that having these types of workers also helps hold down labor and benefits costs, serves as a screening device for the permanent workforce, and can be an effective means of accessing skills not readily available in the traditional labor market.

We think that the “core-ring” model holds promise for the rest of government. As a first step toward expanding its use, we recommend that the Office of Personnel Management, in partnership with one or more agencies, engage in a formal test of the concept through the personnel demonstration project authority. We offer a number of other recommendations that have as a common element the expansion of other than full-time, full-year, permanent work opportunities in the federal government.

Introduction

Federal government personnel practices and policies are in a period of profound change. The most prominent manifestation of that change is the development of new personnel systems at the Departments of Defense (DoD) and Homeland Security (DHS), which jointly employ about 42 percent of all civilian federal employees.¹ Pursuant to separate pieces of authorizing legislation, DoD and DHS have been exempted from key provisions of the civil service law including those relating to hiring, pay, performance management, classification, disciplinary matters, and labor-management relations.²

The development of new personnel systems at DoD and DHS ensue from a recognition by policy makers that the traditional civil service rules are too rigid and in many ways inhibit the effective performance of government agencies. The hallmark of the new approach to human resource management is flexibility. The systems now being designed at DoD and DHS will provide managers in those agencies with much greater flexibility in personnel matters than is exercised by managers in agencies bound by the traditional rules.

The inception of the trend toward a more flexible approach to human resource management can be traced to the late 1990s, when the Internal Revenue Service (IRS) and the Federal Aviation Administration (FAA) were granted exemptions from some of the traditional civil service requirements.³ In a few areas, such as hiring, flexibilities have been extended government-wide. For example, the Homeland Security Act of 2002 extended category rating authority throughout the government, and the Federal Workforce Flexibility Act of 2004 allows agencies additional discretion in awarding recruitment and retention bonuses.

One area, however, that has received relatively little attention from either Congress or the agencies as a means of enhanced flexibility is that of work arrangements. Data from the Office of Personnel Management (OPM) show that 90 percent of all hours worked by federal employees are accounted for by those in full-time, permanent positions.⁴ Government-wide, OPM data reveal that, with the exception of a small number of agencies, relatively little use is made of part-time, seasonal, on-call, and/or temporary personnel.

Our research, the results of which are presented here, confirms the OPM findings with regard to the limited use of these “nonstandard work arrangements” (NSWAs) in the federal sector. Managers and human resource professionals at the agencies we selected have not, in general, incorporated NSWAs into their human resource management strategies. Yet, NSWAs can serve to increase the flexibility of the public workforce. Expanded use of direct-hire NSWAs such as part-time, seasonal, and on-call workers, as well as indirect-hire NSWAs such as contract workers and temporary help agency personnel, offer opportunities to accommodate fluctuations in demand for services while simultaneously expanding the pool of workers from which agencies can draw. Flexible staffing arrangements can benefit employers and employees by meeting staffing needs, providing access to unique skills on demand, and creating more family-friendly work schedules.

That employees in NSWAs can serve as an effective supplement to full-time, full-year, permanent personnel as a means of mission accomplishment is apparent from the practices of three agencies we identified that have successfully integrated the use of NSWAs into day-to-day operations on a large

scale. Distinctive features relating to the nature of the work of these three—the Office of Naval Research/Naval Research Laboratory, the Transportation Security Administration, and the National Aeronautics and Space Administration—account, in part, for their extensive use of NSWAs. There are, however, grounds for arguing that some of the practices employed at the three agencies could be applied more broadly across the government and, hence, that NSWAs generally warrant increased attention by agency executives and human resource personnel.

The Strategic Use of Nonstandard Work Arrangements

The contention that nonstandard work arrangements warrant increased attention by management officials is based on several considerations. One relates to the current emphasis on “strategic” approaches to human resource management (HRM). According to

this philosophy, human resource management practices should be tailored to organizational mission, culture, and technology. NSWAs as an element of an HRM strategy are particularly well suited to agencies that have distinct fluctuations in workflow, whether by hour, day, week, or season. Thus, for example, the IRS has long made extensive use of seasonal personnel to cope with the processing of tax returns between January and April. Similarly, the National Park Service and the Forest Service use seasonal workers to accommodate high levels of demand during the warm-weather months. The Transportation Security Administration has to accommodate significant fluctuations in workload over the course of the day. As a means of coping with airport traffic, which peaks in the early morning and late afternoon, TSA employs significant numbers of part-time employees.

Aging of the “Baby Boom” Generation

A second consideration warranting attention to NSWAs is the aging of the “baby boom” generation. As these workers approach retirement age, part-time and or temporary work may appeal as a means of supplementing pension income. Further, if a shortage of qualified workers materializes, as has been projected, employers will need to expand the use of innovative employment arrangements in order to tap into unconventional sources of labor.

The age profile of the federal workforce will require most agencies to make the replacement of retiring workers a priority over the next five to 15 years. Further, the competition for replacement workers will become more and more intense due to the leveling off of workers under age 35 in the overall labor force.⁵ These conditions provide incentives for employers to expand the pool of potential workers to include those who prefer part-time, seasonal, temporary, or on-call positions. Workers in this category primarily include retirees, students, and those with family responsibilities.

Rehiring Annuitants

A third consideration, related to the second, is that due to recruitment difficulties and the availability of large numbers of qualified retirees, there will be opportunities for agencies to lure back some proportion of their own retirees on a part-time, temporary,

Guide to Acronyms

BLS	Bureau of Labor Statistics
CPS	Current Population Survey
CWS	Contingent Work Supplement
FAR	Federal Acquisition Regulations
IPA	Intergovernmental Personnel Act
NEX	NASA Excepted Authority
NSWA	Nonstandard Work Arrangement
PTF	Part-Time Flexible
RIF	reduction-in-force
SCEP	Student Career Employment Program
SEE	Senior Environmental Employment Program
SES	Senior Executive Service
STEP	Student Temporary Employment Program

or intermittent basis. The Social Security Administration (SSA) is one of several agencies that have already initiated programs along these lines.

At SSA, highly skilled retirees, many of whom spent their entire careers at SSA, have been brought back to assist in the training of new hires, freeing up regular employees to perform ongoing, mission-critical duties. Former SSA Commissioner Ken Apfel characterizes this arrangement as a “win-win opportunity”: Retirees are able to supplement their retirement income while assisting SSA in coping with the challenges of its customer-service-based mission and scarce resources. Paul Barnes, current SSA Region IV administrator and former associate commissioner for personnel, describes the authority to hire retirees in nonstandard capacities as an “extremely helpful tool for us to provide consistent public service across our whole network ... the program is doing what it was intended to do” by maintaining a trained and knowledgeable workforce in an agency that so heavily emphasizes customer service.

OPM regulations can present an obstacle to the rehiring of annuitants, however. Those regulations require that the annuitant’s earnings be offset by the amount of his/her pension.⁶ Under these conditions, in essence, the annuitant is working for free up to the amount of his or her retirement check. Agencies can, and SSA did, apply for a waiver to the “annuity offset.” However, waivers are subject to rigid requirements; agencies may rehire only annuitants who have irreplaceable knowledge or who possess expertise on a particular subject matter concerning mission-critical projects. Also, rehired annuitants cannot be people who took advantage of early retirement and they can work in this capacity for no more than two years. Further, the authority must be renewed on an annual basis, according to Vicky Novak, chief human capital officer for the National Aeronautics and Space Administration headquarters in Washington, D.C.

The relative strictness of the guidelines governing the employment of annuitants is attributable to concerns about perceptions of excessive compensation. Policy makers are reluctant to have to explain to constituents what would appear to many to be “double-dipping” by public workers receiving both a full salary and a full pension. This issue has been visible at the state and local levels: A recent *Governing* magazine article describes the public outrage that ensued when

two employees of the City of Seattle returned to the same job shortly after retiring.⁷

Yet from the agency perspective, decisions about the procurement of needed skills and competencies are substantially independent of those regarding an individual’s retirement status. In a business context, it may well make sense to rehire a retired individual who already possesses needed competencies rather than to hire a new employee and incur the associated training and development costs, especially if the need is only temporary.

In a September 2004 speech, the former director of the Office of Personnel Management, Kay Coles James, hinted at possible changes in OPM policies relating to the hiring of annuitants. In that speech, James proclaimed her enthusiasm for “some of the latest in alternative work schedules and arrangements like telework” and underscored the importance of flexibilities that allow federal agencies to meet staffing needs and accomplish their missions. “A modern workforce ... has got to look at alternative work schedules,” said James. She further urged federal agencies “to capture and leverage [retirees’] institutional knowledge as they transition into life after government service.”⁸

Implementing a “Core-Ring” Model

During the late 1990s, the Department of Defense circulated a restructuring proposal in which issues of workforce mix were central. That proposal described a three-tiered “workforce of the future” to include:

- A “cadre of permanent, career employees ... sized to represent a ‘minimum’ or ‘constant’ workload requirement”
- A “segment ... of non-permanent employees ... used to respond to surge,” who “could be released to avoid RIF to permanent workforce and would be much less costly”
- “Contract employees performing work determined to be nongovernmental in nature and more cost-effective to outsource or privatize”⁹

Although the DoD proposal was not implemented, the ideas it embodied have gained some currency in the private sector. In *The Age of Unreason*, Charles Handy describes “the shamrock organization,” which references a similar three-tiered workforce.

The third leaf of Handy's shamrock is the "flexible labor force" consisting of "part-time and temporary workers who are the fastest growing part of the employment scene."¹⁰ In the late 1980s, Hewlett-Packard initiated its "FlexForce" project,¹¹ which featured a core of permanent employees, coupled with a group of on-call, part-time employees as well as direct-hire temporaries who worked under short-term contracts renewable up to two years. Like the DoD model, FlexForce was designed to accommodate fluctuations in demand while simultaneously protecting the competencies embedded in the firm's career workforce. In 1997, Donald Kettl, Patricia Ingraham, Ronald Sanders, and Connie Horner recommended that a similar "core-ring" model be tried in government.¹²

The core-ring idea may have been ahead of its time in 1997. Political and other circumstances were not favorable to its implementation either in DoD or elsewhere. However, circumstances have changed sufficiently to warrant further exploration of this idea. The federal government has traditionally been characterized by an "internal labor market" substantially shielded from market forces. To date, the government has responded to external budget and performance pressures, in part, by contracting out specific functions while substantially shielding core functions from those pressures. A logical evolution of the reform process is to change practices within the core itself via the core-ring approach.

Integral to the core-ring approach is an expanded use of nonstandard work arrangements in the "ring." In this report, we present our findings with regard to

current agency usage of the different forms of NSWAs in the federal government. The purposes are: (1) to better understand the extent of and reasons for the use of NSWAs by federal agencies, (2) to identify the obstacles to an expanded use of NSWAs, and (3) to present agency "best practices" in integrating standard with nonstandard work arrangements in the federal setting. Prior to presentation of the findings, we review some definitional issues and private sector practices with regard to NSWAs.

Nonstandard Work Arrangements in the Federal Sector

In the federal sector, "nonstandard" work arrangements are defined according to appointment authority and work schedule. The most common appointment authorities are permanent, term, and temporary; the most common work schedules are full-time, part-time, and intermittent. Term and temporary appointments qualify as "direct-hire temps" in Bureau of Labor Statistics (BLS) lingo and those on intermittent work schedules as "on-call." Compared to outside employers, the federal government makes far less use of indirect-hire NSWAs, owing mostly to the relative rarity of temporary agency work in government.

In discussing contract workers in the federal context, we are employing BLS's definition of "contract company worker," that is, those contract workers "assigned to only one customer and [who] usually work at the customer's worksite." For example, included as contract workers in this study are individual scientists or engineers whose expertise may be sought by NASA in the course of a particular research project, who work at a NASA facility, and whose services are procured through a contract, but not, for example, a Lockheed Martin employee who works on the space shuttle at a company facility as part of that company's larger shuttle maintenance contract. The federal government makes extensive use of contractors, and hence many individuals employed by private entities are funded through the federal government.¹³ Most such individuals work off site and exclusively under company supervision, however, and hence would not qualify as "contract workers" under our definition.

Figure 1: "Core-Ring" Model



What Are Nonstandard Work Arrangements?

We define a “nonstandard work arrangement” (NSWA) as any work arrangement other than full-time, full-year, and permanent, as well as those involving people whose services are acquired via a contractual arrangement with another organization. Examples of NSWAs include part-time, seasonal, and on-call workers, as well as temporary help agency and contract company personnel. A key source of data on NSWAs for the economy as a whole has been the Contingent Work Supplement (CWS), which was conducted biennially between 1995 and 2001 by the Bureau of Labor Statistics (BLS). In this survey, BLS identifies four nonstandard arrangements:¹⁴

- **Independent contractors**—“workers who were identified as independent contractors, independent consultants, or free-lance workers, whether they were self-employed or wage and salary workers”
- **On-call workers**—“workers who are called to work only as needed, although they can be scheduled to work for several days or weeks in a row”
- **Temporary help agency workers**—“workers who were paid by a temporary help agency, whether or not their job was temporary”
- **Contract company workers**—“workers who are employed by a company that provides them or their services to others under contract and who are usually assigned to only one customer *and usually work at the customer’s worksite*”

Although these four types have been used in many studies, other studies define nonstandard arrangements somewhat differently. In her study of the flexible staffing arrangements used in the private sector, economist Susan Houseman uses the above categories plus “short-term hires” and “regular part-time workers.”¹⁵ The U.S. Government Accountability Office (GAO) identifies a total of nine separate categories of nontraditional work arrangements: BLS’s four types, plus “direct-hire temps,” “day laborers,” “self-employed workers,” “standard part-time workers,” and “leased workers.”¹⁶ GAO finds that, depending upon the types of work arrangements included, estimates of NSWAs range from 5 to 30 percent of the workforce.

In this analysis, we use a blended definition that is informed by these past studies. Consistent with BLS, we include temporary help agency and contract company personnel in our definition of NSWAs. Consistent with GAO, we add part-time workers to our definition, and consistent with OPM, we include part-year or seasonal workers. We go further to identify separately “direct” and “indirect” nonstandard work arrangements. Direct arrangements include part-time, on-call, seasonal, and intermittent workers, and independent contractors, for whom the federal agency need not work through a third-party entity in order to hire. Indirect arrangements include temporary agency and contract company workers, whose services are acquired by the federal agency via an arrangement with a temporary employment service or contractor.

How Nonstandard Work Arrangements Are Used

In the Public Sector

Table 1 on page 13 provides a summary of the incidence of three forms of “direct hire” NSWAs—part-time, on-call, and part-year or seasonal workers—for the private sector as a whole; the public sector as a whole; and the federal, state, and local levels of government separately. Apparent from the table is that there are substantially fewer part-time and on-call workers in the federal sector than in either the state and local sector or the private sector. One explanation for this difference may be that state

and local levels of government have a larger proportion of workers directly involved in service delivery. Much federal activity has to do with contracting, oversight and monitoring, and pass-through functions. As we discuss on pages 15–17, those federal agencies that are involved in direct service delivery, such as the IRS, the National Park Service, and the Forest Service, make heavy use of NSWAs in general and seasonal work arrangements in particular, a fact reflected in the data presented in Table 1.

In the Private Sector

Several recent studies provide useful insights into the extent of and reasons for the use of NSWAs in

Glossary of Terms

Category rating: Under category rating, job candidates are grouped into categories for purposes of selection. This contrasts with the traditional “rule of three,” whereby managers could select only from the top three rated candidates. For more on one approach to category rating, see “Modernizing Human Resource Management in the Federal Government: The IRS Model” (www.businessofgovernment.org).

Contingent workforce: For purposes of this report, the term “contingent workforce” refers to anyone in a non-standard work arrangement, either direct or indirect.

Contract worker: A contract worker is someone whose labor is procured through a contractual mechanism with a third party, such as a staffing agency. In this report, the term refers to those whose services are procured on an individual basis, who work exclusively for a single customer at the customer’s site, and whose work activities are integrated with those of the customer’s employees.

Core-ring model: The core-ring model refers to a workforce in which there is a core of permanent workers surrounded by a ring of less permanent workers. The ring can consist of those under “direct-hire work arrangements,” such as part-time seasonal, on-call, or temporary workers, or “indirect work arrangements,” such as temporary help agency and contract company workers.

Direct-hire arrangements: In this report, the term “direct-hire work arrangements” refers to those in which a worker is an employee of the host organization. Examples of nonstandard, direct-hire work arrangements include part-time, seasonal, and on-call employees.

Federal Career Intern Program (FCIP): The Federal Career Intern Program is intended for recent college graduates. They can work in FCIP for up to two years and then, at the agency’s discretion, be converted to permanent positions.

Indirect-hire arrangements: In this report, the term “indirect-hire work arrangements” refers to those in which a worker is retained through a contractual mechanism. In other words, the individual is not an employee of the organization in which he or she works. Contract and temporary help agency workers are examples of indirect-hire work arrangements.

Intergovernmental Personnel Act: “The Intergovernmental Personnel Act Mobility Program provides for the temporary assignment of personnel between the federal government and state and local governments, colleges and universities, Indian tribal governments, federally funded research and development centers, and other eligible organizations” (see <http://www.opm.gov/programs/ipa/>).

Intermittent work schedule: An employee assigned an intermittent work schedule has no set schedule and is, in effect, on call.

Internal labor market: Internal labor market describes a set of employment practices whereby employees are provided a degree of protection from market forces. Employment relationships are generally of long duration, promotions are generally made from within, wages are protected from market fluctuations, and the employer provides a comprehensive set of benefits.

Job sharing: This occurs when two people split a single job, each working some portion of the standard 40-hour week.

On-call employees: An employee, like a substitute teacher, works on an irregular basis, as the need arises.

Student Career Employment Program (SCEP): SCEP is designed as a means of bringing in students who, after completing their education, would qualify for professional positions. Participants in this program can be noncompetitively converted to permanent positions at the agency’s discretion.

Student Temporary Employment Program (STEP): STEP is intended to provide employment to underprivileged students attempting to work their way through college. STEP students cannot be noncompetitively converted to permanent jobs.

Temporary help agency: A temporary help agency is one that contracts to provide generally low-skilled labor to employers on a temporary basis. Manpower Inc. is an example of a temporary help agency.

Temporary appointment: In the federal government, temporary appointments are intended to meet time-limited employment needs lasting a year or less. (For a formal description, see 5 CFR 316.401.)

Term appointment: In the federal government, term appointments are intended to meet time-limited employment needs lasting more than one year but less than four years. (For a formal description, see 5 CFR 316.301.)

Table 1: Summary of Three Forms of Direct-Hire NSWAs for the Public and Private Sectors

	Part-Time Workers		On-Call Workers		Part-Year/Seasonal Workers	
	Percent of Workforce	Number of Workers	Percent of Workforce	Number of Workers	Percent of Workforce	Number of Workers
Federal	6.13	199,700	1.22	39,700	5.40	175,900
State	14.12	821,000	1.93	122,200	6.18	359,300
Local	14.44	839,700	4.16	437,300	3.57	375,300
Public Sector Overall	12.90	2,526,000	3.01	599,200	4.65	910,500
Non-Public Sector Overall	16.24	18,679,000	1.53	1,742,800	4.56	5,254,500

Source: S. Mastracci and J. Thompson, "Nonstandard Work Arrangements in the Public Sector: Trends and Issues." Review of Public Personnel Administration, forthcoming.

the private sector. In Susan Houseman's survey of a nationally representative sample of private sector establishments, the most commonly cited reason for the use of NSWAs had to do with staffing flexibility: Over 50 percent of the firms surveyed use workers in one or more categories of NSWAs to accommodate unexpected increases in business or to provide assistance during peak times of the day or week. In contrast with the federal government, substantial use is made of part-time work arrangements in the private sector. According to Houseman, "for a large minority of establishments, the use of part-time employees was a key part of the organization's staffing strategy. Most of the establishments that intensively used part-time workers were in the trade and services sectors."¹⁷

Additional reasons for the use of NSWAs in the private sector include screening prospective employees for full-time employment, providing more flexible work schedules that support a work/life balance, and suppressing head count. Forty-six percent of the establishments surveyed by Houseman use temporary help agency workers, although on a relatively small scale. An advantage of temporary arrangements is that they can be used to screen prospective workers for full-time, full-year, permanent jobs. Additional reasons for use of NSWAs in the private sector include to save on compensation and/or benefit costs and to obtain special skills and services not currently available in-house.¹⁸

Nonstandard Work Arrangements in the Federal Government

To understand how and why federal agencies make use of personnel in other than full-year, full-time, permanent work arrangements, we conducted interviews with line managers and human resource managers at the 12 federal agencies listed in Table 2. The agencies selected were known to make disproportionately greater use of NSWAs than the

government as a whole, based on the Government Accountability Office's (GAO) 2001 report on "contingent" work in government.¹⁹ Table 2 also summarizes our findings with respect to the degree that each agency makes use of each type of nonstandard work arrangement. Questions addressed by our research include the following:

Table 2: Agencies Studied

	Department of Agriculture (USDA)	Environmental Protection Agency (EPA)	General Services Admin. (GSA)	Forest Service (FS)	Internal Revenue Service (IRS)	
Direct-Hire Arrangements						
Part-Time	Ltd	Ltd	Ltd	Ltd	Ltd	
On-Call & Intermittent	Ltd	Ltd	Ltd	Ltd	Ltd	
Part-Year & Seasonal	Ltd	Ltd	Ltd	Ext	Ext	
Job Sharing	Ltd	Ltd–None	Ltd–None	Ltd	Ltd–None	
Co-op & Work Study Programs	Mod	Mod	Mod	Mod	Mod	
Temporary/Term	Ltd	Ltd	Ltd	Ext	Mod	
Indirect-Hire Arrangements						
Temporary Agency Appointments	Ltd	Ltd	Ltd	Mod	Ltd	
Contract Company	Ltd	Ltd	Ltd	Ltd	Ltd	
Other						
Re-employed Annuitants	Ltd	Ltd	Ltd	Ltd	Ltd	
Intergovernmental Personnel Act Appointments (IPAs)	Ltd	Ltd–Mod	Ltd	Ltd	Ltd	

Key:

Ltd = limited use Mod = moderate use Ext = extensive use

- Have the agencies incorporated NSWAs into their human resource strategies and, if so, in what ways?
- Are the agencies making systematic use of NSWAs? If not, why not?
- For agencies that do make systematic use of NSWAs, what challenges have been encountered?
- What are the best practices in NSWAs usage across the government?

Federal Agencies Report Using Nonstandard Work Arrangements to:

- Accommodate Fluctuations in Workflow
- Provide a Family-Friendly Workplace and Promote Work/Life Balance
- Screen and Recruit New Talent
- Obtain Skills on Demand
- Expand the Labor Pool and Address Demographic Trends

NSWAs as a Means of Accommodating Fluctuations in Workflow

Internal Revenue Service

Akin to firms in the private sector, some federal agencies face cyclical fluctuations in demand for their services. The IRS has a highly predictable fluctuation in workload; between January and April each year, it must process over 200 million tax

returns. For decades, the agency has made extensive use of seasonal employees at its nine “submission processing centers,” where tax returns are received and the data from them captured. The fundamental reasons for the use of seasonal workers include cost and efficiency: If full-year workers were employed,

	Department of Justice (DOJ)	NASA	Office of Naval Research (ONR)	Postal Service (USPS)	Social Security Admin. (SSA)	Transportation Security Admin. (TSA)	Veterans Health Admin. (VHA)
	Ltd	Ltd	Ltd	Mod	Ltd	Ext	Mod
	Ltd	Ltd	Ltd	Ltd	Ltd	Ltd	Mod
	Ltd	Ltd	Ltd	Mod	Ltd	Ltd	Ltd
	Ltd–None	Ltd	Ltd–None	Ltd	Ltd	Ltd–None	Ltd
	Mod	Ext	Ext	Mod	Mod	Ltd	Mod
	Mod	Mod	Ltd	Ltd	Ltd	Ltd	Mod
	Ltd	Ltd	Mod	Ltd	Ltd	Mod	Ext
	Ltd	Ltd	Ext	Ltd	Ltd	Mod	Mod
	Ltd	Mod	Mod	Mod	Mod	None	Ltd
	Ltd	Ext	Ext	Ltd	Ltd	None	Ltd

the IRS would incur additional costs in transitioning those workers to other functions in the off-season. Further, since many of the submission processing tasks do not require a high level of technical skill, there are limited alternative functions for these workers to perform.

In 2002, approximately 9,200 of IRS's 100,000 employees held seasonal jobs. The majority of seasonal employees work full-time during the three- to four-month tax season. According to Estelle Tunley, deputy director of submission processing for the IRS, these employees are provided "seasonal work agreements" whereby they are notified that they will be furloughed at the end of the tax season. The majority of these positions are permanent, entitling the incumbents to return each year. Tunley explains:

They work with us during the filing season. They may work for us for this period of the year because they have some other job which has some seasonal characteristics to it. You are a permanent employee in terms of "you are on the rolls of the IRS until you abandon the position or you decide that you want to go and have another job."

The IRS has had success in hiring and keeping its seasonal employees. According to Fred Hodge, acting director of the Kansas City Submission Processing Center, the "return-to-duty" rate in Kansas City was over 60 percent in 2004. Hodge adds, however, that the high rate of returnees might have been in part attributable to a relatively weak economy during that time period. According to Hodge and Tunley, many of the IRS seasonals take those positions in hopes of ultimately obtaining full-time, full-year employment. As discussed below, the seasonal workforce provides a good source of recruits for the full-year workforce; the IRS is familiar with their performance and can select those with good work records for full-year jobs.

According to federal rules, only seasonal employees who work at least six months are entitled to health insurance. Most of those in submission processing work only three to four months and hence do not receive such benefits. However, the IRS employs significant numbers of seasonal workers in the accounts management and compliance functions

who do work six months per year and thus are afforded health insurance.

Forest Service

Like the IRS, the Forest Service employs large numbers of seasonal employees to cope with fluctuations in workload. Many such employees are retained for a 26-week period extending from May through October to help with fire suppression. Some seasonal employees work only 13 weeks, others for periods extending from 18 to 36 weeks. In 2003, the Forest Service hired approximately 14,000 seasonals out of a total workforce of approximately 53,000. Of the 14,000, approximately 3,000 held permanent appointments, with the balance having temporary jobs.

The permanent seasonal workers can return each year and can apply for other Forest Service positions that are advertised internally. Temporary seasonal workers must be rehired each year and cannot apply for internal promotional opportunities. The permanent seasonals are also entitled to health and retirement benefits whereas the temporary seasonals are not. According to Joy Thomas of the Forest Service's Office of Human Resources, that so large a proportion of the seasonal positions are temporary in nature is due to budget uncertainty. To the extent that Forest Service supervisors are unsure what their budget will be from year to year, they tend to hire on a temporary basis. Since the temporary appointments last a year or less, if budget cutbacks ensue, layoffs are unnecessary.

The Chequamegon-Nicolet National Forest in Wisconsin had a total of approximately 375 employees in 2004, of which 250 were permanent. Of the 250, approximately 15 were seasonal employees, with the balance working on a full-time, full-year basis. According to Mary Lobermeier, human resources specialist, the permanent seasonal workers are guaranteed work for at least 18 of the 26 yearly pay periods. If sufficient work exists and the funds are available, they may work year-round. The type of work performed by these employees includes marking timber, fire protection, and construction.

The Chequamegon-Nicolet National Forest hires about 50 temporary seasonals each year, although this may fluctuate depending on the budget. According to Lobermeier, these are called "1039

appointments”; the incumbents generally work 1,039 hours per year or just under six months. An individual holding a 1039 appointment can be appointed noncompetitively year after year. However, if the number of hours worked exceeds 1,039, then the appointment becomes a “not-to-exceed-one-year” temporary appointment. Under OPM rules, a “not-to-exceed-one-year” temporary appointment cannot be extended for more than a total of 24 months without explicit authorization. Those holding both the 1039 and the “not-to-exceed-one-year” temporary appointments earn sick and annual leave and may be paid for unused annual leave at the end of their appointments. Employees in these positions do not receive either health or retirement benefits. However, Chequamegon-Nicolet has had no problems recruiting for these positions. According to Lobermeier, “We have way more applicants than jobs.”

The Forest Service makes heavy use of college students as a source of seasonal labor. The Chequamegon-Nicolet National Forest hires about 25 students who receive temporary, three-month appointments under the Student Temporary Experience Program (STEP). Nationwide, the Forest Service hires approximately 6,000 college students under the STEP program and another 11,000 as temporary seasonal employees. An advantage of hiring students is that they are generally available by mid May; a disadvantage is that most have to return to school by mid to late August. Since the fire season extends to October, supervisors have to “scramble to fill in behind them,” according to Thomas. Not all of the students are used to fight fires; some are hired to assist with wildlife/fisheries projects and others to handle recreational activities.

United States Postal Service

Bill Simmons is the director of human resources for the Northern Illinois District of the U.S. Postal Service (USPS). He described the regular staffing adjustments made in his district in response to fluctuations in mail volume. The holiday spike in mail volume is the most significant change, and absences due to illness or vacation by regular full-time workers also create a need for “part-time flexible” and “casual” workers. Although tax time does not create a demand for casual employees, it does affect the number of part-time flexible hours demanded.

The largest category of workers in nonstandard arrangements at the Postal Service is the part-time flexible employees (PTFs). These employees hold permanent appointments and are guaranteed at least 20 hours of work each week. The advantage to the Postal Service of having these employees, according to Simmons, is that they can be assigned to any of the three daily shifts on a week-to-week basis, depending on fluctuations in workload or absences among regular, full-time, full-year employees. For example, according to Simmons, these employees log a lot of hours during the summer when full-time employees are on vacation. The Postal Service has detailed agreements with its labor unions that limit use of PTFs to 10 percent of the total number of postal clerk positions and 12 percent of the total number of letter carrier positions. As of May 2004, the Northern Illinois District had 498 part-time flexible employees out of a total workforce of 11,500.

A second category of NSWAs are “casuals,” of which the Northern Illinois District has 158. USPS relies on casuals primarily as a means of dealing with seasonal fluctuations in mail volume—for example, around the December holidays and during the fall mailing season. While PTFs receive retirement and medical benefits on a prorated basis as well as sick and vacation leave, the casuals have no benefits. PTFs are hired on a competitive basis, whereas there are few restrictions on hiring casual employees. According to Simmons, “We have much more flexibility with [the casuals].” However, the PTFs and casuals have different orientations toward their work. According to Simmons, most of those holding PTF positions are looking to become regular employees, whereas the casuals generally prefer temporary arrangements to supplement other primary sources of income.

Federal Emergency Management Agency

The Federal Emergency Management Agency (FEMA) faces a substantially different situation than does the IRS, the Forest Service, or the Postal Service. FEMA, which oversees the federal government’s response to natural disasters, has no way to anticipate when its labor demands will be the highest. Natural disasters are unpredictable, yet it is in the aftermath of such disasters that FEMA must staff up and deploy large numbers of employees to the field, as the 2004 hurricanes in Florida demonstrated so dramatically. Under the Stafford Act, FEMA is authorized to hire

Disaster Assistance Employees (DAEs) on temporary, not-to-exceed-one-year appointments. These workers are assigned “intermittent” work schedules, making them, in essence, “on call” employees who are paid only for hours worked. According to Linda Sascia, external affairs officer at the Chicago Regional Office of FEMA, DAEs do not receive benefits. She says:

It is mostly for retired people or those with other income. You have to be in extremely good health. It is very stressful. They often have retirement income or are free-lancers. They have the ability to go. We pay transportation, hotel, and a per diem for food. They receive a salary. They are leaving home for periods of time. They have to have a compatible lifestyle and a marriage that allows them to be gone.

FEMA has approximately 6,000 to 8,000 DAEs nationwide. The agency also makes heavy use of a category of term appointments called “Cadre of On-call Response Employees,” or CORE. These are not-to-exceed-four-year appointments authorized under the Stafford Act to perform work directly supporting declared disasters.

NSWAs as a Means of Providing a Family-Friendly Workplace and Promoting Work/Life Balance

Nonstandard work arrangements are important in the context of “family-friendly workplace” policy. Family-friendly programs promoted at the federal level include an expansion of part-time employment opportunities and job-sharing arrangements. According to the Office of Personnel Management, these programs make it possible for employees to “spend more time with their children, pursue educational opportunities, care for an aging parent or ill family member, participate in volunteer or leisure activities, or continue working when illness or physical limitations prevent working a full-time schedule.”²⁰ The Federal Employees Part-Time Career Employment Act of 1978 encourages the use of part-time arrangements in federal agencies partly as a means of helping employees balance work and family commitments.

Tom Davison, a human resources officer at the Environmental Protection Agency’s (EPA) Region V Office, describes that agency’s approach: “It is common for us to allow employees to work on a part-time basis during certain periods of their life when working full-time would be difficult. For example, new parents sometimes want to work part-time for a few years while their children are young. We want to accommodate them and help them balance their work and family lives.”

The EPA is typical of other agencies in that the use of part-time arrangements for family-friendly purposes tends to be more episodic than systematic. John Shaw, employment officer in the Great Lakes Regional Office of the General Services Administration (GSA), comments, “Practically speaking, [assigning an employee to a part-time schedule] is, in many cases, probably more of an accommodation to that employee, who for whatever reason ... perhaps due to some kind of illness or disability, or, in fact, a working mother, wants to reduce hours.”

Job sharing is another type of NSWA that remains underutilized in federal agencies. Several personnel managers described the difficulties or lack of interest in this nonstandard work arrangement. Mary Ann Jenkins, acting director for the Workforce Planning, Employment, and Development Division at the U.S. Department of Agriculture (USDA) in Washington, D.C., is one of the few managers we interviewed who had experience with coordinating a job-sharing arrangement:

I do know of two cases where we have job sharing. One happened to be two females sharing a job so that they could only work for a certain amount of time a week and be at home with their children.... All they did is just basically split the job in half. In the other case that I am familiar with, they actually took the job and split it with higher-level duties and lower-level duties, which makes a little more paperwork, because you have to make sure you pull out those things that are grade controlling for lower level versus the higher.

The onus is largely on the employee to initiate this staffing flexibility. GSA’s Joe Demeo captures the current problems with this type of NSWA: “Job

sharing is rare, there is very limited use ... individual employees interested in this have to literally find their own counterpart, someone with the same job functions who is also interested in a job-sharing arrangement. It's well intended, but difficult to execute." In sum, job sharing can be considered a creative staffing innovation that may suffer from administrative difficulties or barriers to effective implementation.

NSWAs as a Screening and Recruitment Tool

Several managers we interviewed recognized workplace flexibilities as key recruitment tools; applicants increasingly come to expect the same range of working options in government as is found in the private sector. Jenkins of the USDA remarks on the appeal of a family-friendly workplace: "When you have many flexibilities and nonstandard work arrangements, that also assists us in our recruitment efforts." Likewise, Robyn Gordon, human resource manager at the NASA Research Center in Cleveland, Ohio, notes that the growth of their cooperative education and work study programs was spurred by the role of NSWAs in recruitment, as a way to "get new blood." Human resource managers also credit workplace flexibilities with enhancing their ability to attract diverse candidates. GSA's Demeo notes:

You can help an agency with its diversity goals ... it's worked wonders for us. Hispanic [representation] is a big issue in the government, and the government needs to do some work on that, and GSA specifically needs to do some work on that. So, I've made presentations within our own Hispanic task force within GSA about how successful we've been in hiring Hispanics through the [student] co-op program.

Nonstandard work arrangements can also play an important role in recruitment due to federal rules surrounding health and retirement benefits. Permanent part-time positions with the federal government are among the relatively few part-time jobs that offer health and retirement benefits. Thomas noted this in reference to the permanent seasonal workers employed by the Forest Service. Similarly, the health and retirement benefits associated with seasonal positions lasting six or more months at the IRS make these jobs attractive to many prospective

employees. At the Veterans Health Administration, part-time doctors are eligible for retirement benefits through the federal retirement system. They may also set aside part of their salary in a 401(k) plan and are eligible for Social Security benefits.

Federal agencies, like private companies, have found NSWAs useful as a device to screen for permanent, full-time, full-year jobs. Although the seasonal workers at the IRS and the Forest Service and the part-time workers at the Postal Service are not hired primarily to serve as a source of recruits, they are available and have the needed skills, as well as demonstrated records of performance. Thus, the IRS often promotes seasonal workers to permanent, full-time, full-year jobs. This dynamic works for the agency in a number of respects. First, the seasonal workforce is a higher quality than it might otherwise be because many of those accepting the seasonal jobs do so in hopes of eventually getting full-year jobs. Second, the seasonal workers are motivated to perform well in hopes of obtaining full-year jobs. Third, the seasonal workforce serves as a pool of prospects for full-year positions from which the IRS can select high performers.

A similar dynamic prevails at the Forest Service in two phases. The temporary seasonal employees serve as a pool of candidates for permanent seasonal jobs, and the permanent seasonal workers, in turn, serve as candidates for full-year jobs. Joy Thomas of the Forest Service comments, "That's generally where you are going to get your quality applicants, because those are the people who have actually been doing the work." Similarly, those seeking work as PTFs at the Postal Service generally do so in hopes of obtaining permanent, full-time, full-year jobs.

Student Employment Programs

Nonstandard work arrangements—part-time and seasonal arrangements in particular—are well suited to the needs of students attending institutions of higher education who are in need of an outside source of income. Such students assist agencies in coping with current workloads and also serve as a source of recruits for full-year, full-time, permanent positions. Students generally cannot work a full-time job during the school year but are often available for part-time work during the year, seasonal work during the summer, or both.

The Student Career Employment Program (SCEP) and the Student Temporary Employment Program (STEP) are the two primary federal student employment programs. Recently graduated students can be hired through the Federal Career Intern Program (FCIP). In general, STEP is intended to help underprivileged individuals pay for college, whereas SCEP is designed to facilitate recruitment of individuals with needed skills. Under SCEP, a student enters into an agreement with the host agency, and the work done must relate to the academic and career goals of the student. If, upon graduation, the student has worked at least 640 hours and otherwise meets the qualification standards for the targeted position, he or she can be converted noncompetitively to a permanent position. Under STEP, the work does not have to relate to the student's academic or career interests, and STEP participants are not eligible for noncompetitive conversion to permanent employment. However, STEP participants may be competitively converted to SCEP positions.

The Environmental Protection Agency's regional office in Chicago hired 34 individuals under the FCIP program in fiscal year 2003. According to Human Resources Officer Davison, the program has received the support of managers in the regions in part because of the hiring flexibility it provides. Says Davison:

Supervisors believe FCIP is a good source for candidates and a relatively easy way to hire. The FCIP applicants are typically recently graduated college students in science and engineering who have GPAs of at least 3.0. For us, FCIP has resulted in high-quality applicant pools where supervisors have substantial discretion in making hiring decisions. Furthermore, after being hired, the FCIP interns are enrolled in a two-year training program, at the end of which we must make a decision to keep them. If a decision to retain is not made, the appointment expires and the FCIP intern is released. Under the traditional civil service rules, supervisors who wanted to release a new employee were required to make a decision to remove after one year.

Although most agencies participate in SCEP, STEP, FCIP, or all three, not all have fully integrated these

programs into their human resource strategies. The General Services Administration has taken a strategic approach to managing its student employment programs. GSA had long participated in the cooperative education, or "co-op," program that preceded SCEP but had not integrated the program into its other human resource efforts. Demeo of the Great Lakes Regional Office of GSA comments on the change in attitude:

Five or six years ago, we did an agency self-assessment—two of the key areas where we were sorely lacking were leadership development and how we handle new associates. In terms of things like mentoring programs and orientation programs, we had almost none. The agency as a whole has done a lot to address that need, so when you have something like a co-op program, it's not like when a person comes in on the first day, it's like "you go sit over there and read 17 manuals and we'll talk to you in three months." We now have a very extensive orientation program.

GSA hires SCEP participants in each of its eight "core occupations" including procurement, realty, property management, supply management, and information technology. Further, GSA assigns each of the SCEP students a job coach who serves as a mentor throughout the training period. John Shaw, employment officer in the Great Lakes Regional Office and GSA's national college recruitment coordinator, calls the SCEP program "one of our best recruiting tools." GSA also appreciates the benefits of grooming a future permanent employee, who, according to Shaw, "already has a leg up in terms of understanding all the acronyms, understands the organization, has proven themselves ... you also get to "grow your own" when you bring somebody in under co-op ... they get to know you, you get to know them. We can try a student on for size, and by the same token, they can try us on for size."

The Forest Service has also made use of the SCEP program as a means of recruiting for hard-to-fill positions. Thomas of the Forest Service provides an example: "Say we knew we had a shortage of wildlife biologists; then we would want to start grooming a group of people that we knew, after they graduated, we'd be able to keep them on board. We look at our workforce plan to see where we have needs."

The Veterans Health Administration (VHA) has gone even further, not only hiring people with needed competencies under SCEP, but also creating affiliations that give them a hiring advantage. To address a need for radiology technicians, for example, the Hines VA (Department of Veterans Affairs) Hospital in Chicago created affiliation agreements with various colleges whereby students specializing in that field come to Hines for part of their training. Hines then has an inside track in hiring these students once they graduate. Similar affiliation agreements have been created for hospital dieticians.

NSWAs as a Means to Obtain Skills on Demand

Acquiring skills on demand is among the most significant uses of NSWAs by federal agencies. Managers can avoid time-consuming hiring procedures and get access to the talent pool they need to facilitate mission accomplishment, and then rely upon that talent pool and draw upon those skill sets for only as long as needed. Even in the federal government, where promotions occur largely from within and workers tend to remain in the same field, if not the same agency, for the bulk of their careers, expectations about work have changed. Workers now demand greater flexibilities and do not assume that their first job with the federal government will necessarily be their last. Jenkins of the USDA describes the process of obtaining skills on demand: “Usually when we go in to waive the annuity offset, it’s because of a person coming back in with a certain skill we need.... The intent is that they come in to bring their skills back.”

VA hospitals have resorted to the use of NSWAs as a means of obtaining skills that are in short supply, have high costs, and hence are difficult to procure through normal hiring mechanisms, or for which there is only a temporary need. Radiology and anesthesiology services are in short supply yet are in high demand at VA hospitals. Dean Lapcewich, human resources officer at the Hines VA Hospital in Chicago, observes:

There are some real hard-to-fill, board-certified occupations—radiologists and anesthesiologists—and we just cannot touch them with a normal salary package. For instance, an anesthesiologist right out of

school easily is going to be offered two and a half [hundred thousand dollars per year] or maybe offered a partnership in the private sector. So it becomes real difficult for us to try to even think about that.

To obtain these services, Hines enters into contracts for up to a million dollars. The radiologist or anesthesiologist is at Hines full-time and is paid by the contractor but only for the time worked, not for vacation or sick time.

Hines uses the services of other specialists under what is called a “fee arrangement.” For example, the hospital pays a dermatology physician on a per diem basis twice a month to participate in a dermatology clinic. Other specialists are brought in from affiliated hospitals on an as-needed basis. They get paid a flat amount whether they work 10 minutes or eight hours. According to Lapcewich, the hospital often brings in retired physicians on a fee basis.

The Veterans Health Administration also has term employees who are brought in for a period of up to four years. These employees are hired competitively and receive the same benefits as permanent federal employees, but they are hired with the understanding of an end-date certain. Usually, the term employees are hired for a two-year period with the opportunity of renewing the appointment for an additional two years. Hines Hospital in Chicago hires term employees primarily to assist with research projects. Lapcewich of the Human Resources Office at Hines says:

Your principal investigators—your MDs, for instance, or your Ph.D.s—need some sort of research assistance. Instead of paying a career employee and providing full benefits, including retirement, and then when the project ends and the funding disappears, the facility would have to absorb that individual into its employee count, we can appoint on a term basis for the duration of the project. And at the end of that project, if there is no more funding and there is no extension on the project, the project finishes, the employees are processed and go home.

The Department of Justice (DOJ) also utilizes term appointments, as do the Forest Service and General

Services Administration. At DOJ, as at the VHA, the “terms” are brought in for research purposes. The Antitrust and Civil Divisions often need temporary assistance in developing cases and will hire term and/or part-time attorneys for this purpose. At the Forest Service, projects may relate to an endangered species issue, for example. According to Thomas of the Forest Service:

Say we have a project in Oregon on the owl situation, and it is a study that should be completed in a relatively short time frame. We can fill it with a term employee. After two years, if the study is not completed, we can extend it up to four. But we will advertise it for a two-year term based on the fact that it’s a project ... unless the project gets extended, that’s it. It’s not an ongoing kind of appointment.

One option employed by a number of agencies is to retain assistance through indirect, or contract, means rather than direct means. The Northern Illinois District of the Postal Service acquired information technology expertise through contracting mechanisms for years. According to Director of Human Resources Simmons, the district had only a small information technology (IT) unit and found it difficult to “keep up with the ever-changing goings-on in IT” by relying on in-house personnel. In an IT unit of 11 people, seven were contract workers. However, with the dot-com bust and with a less-volatile IT environment, the district has begun a process of hiring its own IT specialists and reducing its complement of contract workers. Says Simmons, “Things have stabilized enough that we think we can benefit by having our own employees.”

The Environmental Protection Agency engages in employee exchanges with the states and/or Indian tribes through Intergovernmental Personnel Act (IPA) appointments. Under this program, employees of state environmental protection agencies will work for the EPA or, alternatively, EPA employees will work for the state for a period of up to four years. Often, according to EPA’s Davison, “Managers will identify someone that they’ve been working with in the state program, and they will suggest that maybe they would like to come here and work for us. The idea is to give people a greater understanding and perspective on how things operate [at the counterpart agency].”

The Forest Service also contracts for specialists of various types, often as a means of securing assistance on a temporary basis for a particular project. Thomas of the Forest Service says that occasionally her office may need someone to help with classification work: “So we would go to a personal services contract group; they hire people like government employees that have retired and then they send them to us. We pay the company, but they pay that person.” Similarly, the Forest Service might procure a contract worker to assist in preparation of an environmental impact statement.

NSWAs as a Means to Expand the Labor Pool by Addressing Demographic Trends

One reason for expanding the availability of NSWAs is to access the talents and capabilities of populations who prefer such arrangements to full-time, full-year, permanent jobs. The most prominent groups in this category are retirees, students, and those with family obligations.

Accessing the Talents of Retirees

As noted earlier, the Social Security Administration initiated its “retire-rehire” program upon examining the demographics of its workforce. The Senate Committee on Governmental Affairs warned of a “human capital crisis”²¹ for the government as a whole as a result of the impending retirement of large numbers of federal employees, and a November 2004 *U.S. News & World Report* article noted that half of the federal workforce is eligible for retirement in five years.

Proactive federal agencies have taken steps to address these demographic forecasts and have employed NSWAs to do so. GSA stepped up its work study and cooperative education programs once its projected staffing situation became clearer. As Demeo of GSA’s Chicago Regional Office explains: “Our senior management [conducted an analysis of GSA’s workforce] starting in 1999 said, ‘Whoa, our average age is about 46 or 47; we have to do something here.’ ”

Although the Department of Justice makes limited use of nonstandard and alternative work arrangements because of its law enforcement mandate, Deb

Tomchek, DOJ's human resources manager, indicates that "retirees have been used in the federal law enforcement training center, particularly after 9/11," and that the former Immigration and Naturalization Service (INS) "uses retirees in training facilities on limited-time arrangements via an authorized waiver." The Postal Service brings back some of its retirees to conduct annual time-management studies of its delivery routes.

Different agencies have different experiences with their retired workers, however. Some agencies have made less use of rehired annuitants than others. GSA's Demeo has observed at his agency that "when somebody retires, they're not real anxious to come back, certainly not under those conditions of [the pension offset provision]. I've only seen it once in our agency." Similarly, Joan Hammond of the IRS Office of Strategic Human Resources notes, "When people leave here they are ready to go; finding people to [return] is a challenge."

Finally, one agency, the Environmental Protection Agency, has reached out to retirees to provide interesting and mutually beneficial opportunities by procuring support services through a special agency-specific program called the Senior Environmental Employment (SEE) Program. The program is funded through a grant to the National Asian Pacific Center on Aging, which in turn hires individuals 55 years of age and older to work in various capacities under temporary appointments that are renewed from year to year. The Region V office of the EPA in Chicago employs approximately 100 SEE workers. According to Davison of Region V:

It is hard to recruit and retain anyone in support occupations anymore. Even when we recruit successfully, women don't want to stay in those jobs indefinitely; they want to move on to something else. The SEEs, on the other hand, are very happy to have a position to supplement their retirement income. The person who acts as my secretary is a SEE and she's happy with that. She isn't expecting to become a personnel specialist and she doesn't have a long-term plan to advance in the agency. It is easier for me to manage her expectations.

Recruiting Workers Who Prefer Part-Time and Alternative Work Schedules

The value of NSWAs in mitigating the prospective federal retirement crisis and supporting agency mission accomplishment is contingent on the existence of an identifiable population of workers that prefers part-time and alternative work schedules. Savvy federal agencies have identified specific groups of workers and have exploited their preferences to the benefit of workers as well as of the agency.

For example, the Hines VA hospital makes extensive use of part-time workers in its food service operations. There are three separate shifts corresponding to breakfast, lunch, and dinner. According to Lapcewich:

They work from, say, 6:00 a.m. until 9:00 a.m. for breakfast. There is nothing for them to do until the lunch hour rolls around. So we bring in a second shift. We have a fairly substantial number of employees who prefer that part-time arrangement. Some of them work outside. They have full-time jobs in the private sector and come in and work part-time here.

This arrangement is particularly conducive to "stay-at-home moms." Lapcewich comments, "They'll come over and do the lunch hour. We pay them 30 hours a pay period. It's not bad pay and the work isn't that difficult."

Three Case Studies on the Blended Workforce

We have identified three federal agencies for which the use of alternative work arrangements has become the norm. The Office of Naval Research/ Naval Research Laboratory (ONR/NRL), the National Aeronautics and Space Administration (NASA), and the Transportation Security Administration (TSA) are models of highly agile agencies. In fact, each exhibits the core-ring structure described earlier, with a core of full-year, full-time, permanent government workers, surrounded by workers in contingent or alternative arrangements.

The circumstances of two of the agencies—ONR/NRL and NASA’s Glenn Research Center—are similar to the extent that both are engaged in research of a highly technical nature and accordingly employ a high proportion of scientists and engineers. The work in both organizations is project based, and heavy use is made of contract workers, who can be brought in on a project-by-project basis. Flexible work arrangements at TSA are both indirect (contract) and direct (part-time). The extensive use of these arrangements at TSA is primarily attributable to three factors: (1) workload fluctuations that correspond to airline scheduling patterns, (2) personnel flexibilities granted by Congress, and (3) a culture of innovation associated with the agency’s newness.

Office of Naval Research/Naval Research Laboratory

The Office of Naval Research was created in 1946 to provide independence for the research scientists in the Navy who had previously found themselves tied up in bureaucratic rules. ONR’s mission is “to make available whatever science has to offer which might result in modern weapons, devices, and techniques, so that now and in the foreseeable future

the United States Navy will be superior to any in the world.”²² With approximately 3,000 employees, ONR has five main departments including Science and Technology, Naval Research Laboratory, International Field Office, Naval Reserve Science and Technology Program, and the Commercial Technology Transition Office. Although Congress appropriates funds to allow ONR to fulfill its various missions, the Naval Research Laboratory, which serves as the corporate research laboratory for the Department of the Navy, operates as a working capital fund without any directly appropriated money. NRL gains some additional autonomy from federal personnel rules because it is currently participating in a personnel demonstration project.

Indirect-Hire Arrangements

ONR and NRL are notable for the extent to which both utilize contract workers in their line operations and the extent to which the contract workers fold into the regular workforce. NRL makes particularly extensive use of contract workers. In 2004, 40 percent of NRL’s total labor force of approximately 4,500 consisted of contract workers.

NRL is made up of 25 scientific divisions, such as Acoustics, Chemistry, Information Technology, Plasma Physics, and Oceanography, each of which enters into contracts with public and private entities for specific projects. Once a contract is obtained, the division head determines how it will be executed and the mix of government and contract workers assigned. For purposes of procuring skills on demand, each of the 25 divisions maintains several large contracts for “on-site R&D services.” According to Joe Ely, head of contracting for NRL, “The work is described in fairly general terms. It’s usually support research in these program areas,

Three Agile Federal Agencies

The Office of Naval Research (ONR) coordinates, executes, and promotes Navy and Marine Corps science and technology programs through universities, government laboratories, and nonprofit and for-profit organizations. ONR provides technical advice to the chief of Naval Operations and the Secretary of the Navy, and works with industry to improve technology manufacturing processes. ONR is located in Arlington, Virginia, and maintains an Asia field office in Japan and an ONR Europe field office in England.

ONR's Naval Research Laboratory (NRL) conducts broadly based multidisciplinary research and advanced technological development directed toward maritime applications of new and improved materials; techniques; equipment; systems; and ocean, atmospheric, and space sciences and related technologies. NRL provides:

- Primary in-house research for the physical, engineering, space, and environmental sciences
- Broadly based exploratory and advanced development programs in response to identified and anticipated Navy needs
- Broad multidisciplinary support to the Naval Warfare Centers
- Space and space systems technology development and support

The Transportation Security Administration (TSA) was created in 2001 in the wake of the terrorist attacks on New York and Washington, D.C. TSA seeks to protect the nation's transportation systems to ensure freedom of movement for people and commerce. TSA employees work as passenger and baggage screeners, as law enforcement officers in airports, as well as in many other capacities to support the agency's mission. TSA employees are found in every one of the nation's 5,000+ public-use airports. The proposed FY 2006 TSA budget is \$5.3 billion to support several initiatives, including TSA's Aviation Screening Operations, Aviation Security Regulation and Enforcement, and Transportation Security Enterprise.

In addition to Homeland Security, TSA's home agency, TSA works with several federal bureaus and agencies, including U.S. Customs, Immigration & Naturalization Service, Animal & Plant Health Inspection Service, the U.S. Coast Guard, the Federal Protective Service (GSA), National Bio-Weapons Defense Analysis Center, Federal Emergency Management Agency, the Office for Domestic Preparedness, and the FBI National Domestic Preparedness Office.

The National Aeronautics and Space Administration (NASA) was originally the National Advisory Committee for Aeronautics (NACA), which was established in 1915. Both agencies provided technical advice to the U.S. aviation industry and conducted cutting-edge research in aeronautics. NACA was created by President Woodrow Wilson to "direct and conduct research and experimentation in aeronautics, with a view to their practical solution." Since 1958, NASA has continued this tradition.

Research at NASA takes place in its 14 Centers and Field Facilities, which are located throughout the United States, and include three California sites: Ames Research Center, Dryden Flight Research Center, and the Jet Propulsion Laboratory; four Washington area locations: Goddard Space Flight Center, the Independent Verification and Validation Facility, Langley Research Center, and Wallops Flight Facility; three centers in the South: Kennedy Space Center, Marshall Space Flight Center, and Stennis Space Center; as well as the Glenn Research Center in Ohio, Goddard Institute for Space Studies in New York, the Johnson Space Center in Texas, and the White Sands Test Facility in New Mexico.

project areas, or scientific areas. Then it lists the sorts of personnel that we are looking for. It's called a 'level of effort' contract. What we'll say is, 'Over the next 12 months you have to give us 10,000 man-hours in these areas.' "

That the arrangements are contractual does not mean that they are short term or temporary in nature. In fact, most contract personnel stay with NRL for the duration of the project on which they are working, with an average length of stay of four to five years. The division heads could hire permanent federal employees for these positions. However, according to Ely, contract personnel are preferred because of the flexibility they afford: "It gives the technical guy quite a bit of flexibility because both the hiring and the dismissing of the personnel is then done by the contractor, and it's outside the federal personnel system." Also, should there be an unforeseen disruption in funding, the lab would not have to invoke the complicated and prolonged layoff procedures that are required when government employees are involved. Ely observes: "What's in the back of the division head's mind all the time is that if times get tough, he needs to downsize fairly quickly. And that's much easier to do with contractors."

The contract workers work alongside government employees. According to Adrienne Gould, program manager for technology transfer at ONR, "They take direction from the division head, they sit in on weekly staff meetings. Most of their work is directed by the government." Gould adds that many of those on contract are "senior engineers and scientists," but others "are young, are using it as a stepping-stone." Gould says that many of them prefer working on contract to regular employment. She says, "The perks provided by the staffing agency might be better—vacation, 401(k), health insurance—[and] with downsizing, private employment may be more secure."

NRL has not had any difficulties in procuring competent personnel through contract mechanisms. One reason is that the arrangements are of long duration. Another, according to Ely, is that within the scientific community "working at the lab is seen as fairly career enhancing. So they could work here and be involved in some fairly cutting-edge research for a few years and then move onward and upward."

Also, notes Ely, the cost of the contract workers "is only a few percentage points higher" than that of government workers due to their low overhead structure.

Managing a blended workforce with some permanent employees and some contract workers does pose "challenges," according to Yvonne Williams, the director of human resources for NRL's parent organization, the Office of Naval Research. Williams comments, "As a federal manager, you do have certain authorities over your permanent workforce that you do not have over the contract workers. They are assigned to you, they have a specific function that they are expected to accomplish, but they are not your employee, you do not have the authority to hire and fire them."

Even without official hiring and firing authority, NRL managers can influence the hiring and firing process. Ely of Acquisitions adds that when a contract worker does not work out, "it's not like they feel they are stuck with a government employee who may be working at some minimally acceptable level. The contract worker, if one is not working out to their full satisfaction, they can tell the contractor, 'Hey, the guy needs to be replaced.' "

Among the advantages of a blended workforce are that the agency can offer the best of the contract workers permanent employment. According to Williams, "If someone comes in and they're clearly a high performer, they are going to get the attention of management. They certainly would be a strong candidate the next time a vacancy opens up." The regular influx of contract workers also helps the agency keep current. Says Williams, "We're in the science and technology business, we're in the business of promoting whatever is state of the art in the field. For that, you want a certain amount of refreshment going on."

The use of contract personnel at NRL extends beyond scientific and technical personnel. The lab maintains contracts to bring in clerical personnel on contract to handle peak workloads or to fill in when someone is out on extended sick leave. According to Williams, individuals procured via temporary clerical services contracts perform a variety of services including administrative, clerical, printing, duplicating, and mail services, "all the way up through sec-

retarial or skilled executive-secretary-type levels.” Other contracts are issued for administrative personnel. For example, ONR’s Office of Human Resources, which Williams heads, uses contractors to perform its training and development function. “A professional organization-development-type individual is in charge of the operation and she has an assistant. That contract is specifically for those two functions, those two people,” explains Williams.

Direct-Hire Arrangements

ONR and NRL both utilize direct- and indirect-hire nonstandard work arrangements, including part-time, temporary, intermittent, and term positions.

Part-Time

The use of part-time work arrangements at both ONR and NRL tends to be somewhat episodic. According to Williams, ONR uses part-time work arrangements “only on a case-by-case basis where an employee has a situation and, for whatever reason, they need to be accommodated—a family situation, a parent, or a child situation, short term. We do use it frequently with our college students, particularly the category of the year-round, full-time college students taking evening classes and then working a part-time job.”

NRL has allowed full-time employees to transition to part-time as a means of facilitating employee retention. Often, family issues underlie the request to go part-time. Cathy Downing, director of human resources at NRL, comments, “Part-time has been a valuable tool for us. For many years the HR division had a very high turnover rate. By taking advantage of part-time work schedules and implementing a family-friendly work environment, we have been able to reduce the turnover rate and now maintain a very stable workforce.”

Student Employment

Both NRL and ONR make heavy use of student employment programs as a means of recruiting full-time, permanent employees. NRL carries between 60 and 70 students under the Student Career Experience Program and between 150 and 175 students under the Student Temporary Employment Program. SCEP students are given government appointments, can work either a part-time or intermittent work schedule, and can be converted to permanent employment upon graduation. SCEP stu-

dents also can receive tuition assistance if they are willing to commit to permanent employment with the agency upon graduation. According to Downing of NRL, about one third, mostly in the engineering area, choose to make a commitment to the agency.

Intermittent

Two groups of employees at NRL and ONR are on “intermittent” work schedules: (1) the members of ONR’s Naval Research Advisory Committee, a group of high-level experts who are brought on board to advise on selected projects, and (2) re-employed annuitants. Federal rules require that the pension of an annuitant be offset by the amount of any earnings, thereby diminishing the appeal of such an arrangement for the annuitant, as described earlier. However, Downing of NRL says that many retired scientists are willing to work under these arrangements because “they still like to keep their hands in” the research. According to Downing, re-employed annuitants compose about 3 percent of the total NRL workforce: “They help on special projects, they might have a lot of history on something, they’ll continue to provide advice and guidance on things. We always do value that.” The Department of Defense recently received authority to waive the requirement for a pension offset, making this arrangement much more attractive for annuitants.

Term

An alternative to either hiring permanent employees or to contracting out that is well suited to the project-driven nature of ONR and NRL’s work is the use of term appointments. Term appointments are renewed annually and can run for up to four years total. One advantage of term authority is that through a special provision held by the Department of Defense, individuals can be appointed based on individual expertise and qualifications rather than through the usual, somewhat elaborate, competitive hiring process for permanent appointments.

Other

ONR and NRL also use Intergovernmental Personnel Act agreements to secure the services of scientific and technical personnel affiliated with universities. NRL and the university enter into an agreement that details the cost-sharing arrangements, covering such items as salary, benefits, and travel. ONR averages 35 to 50 IPAs in the science and technology arena per year.

Transportation Security Administration

The Transportation Security Administration was created subsequent to the 9/11 disaster to protect the nation's air transport system from threats of terrorism. The agency had to ramp up its hiring quickly to accommodate the very short time frame provided under the Aviation and Transportation Security Act of 2001 (ATSA). Partly as a result, TSA has taken an innovative and aggressive approach in its human resource management practices. That approach has been facilitated by the personnel flexibilities provided to the agency as part of ATSA.

Indirect-Hire Arrangements

Like ONR and NRL, TSA maintains contracts under which it can procure administrative personnel from private vendors for short- and medium-term needs. Elizabeth Kohlstetter, deputy assistant administrator for workforce performance solutions, provides an example: "We have to do a big analysis on our training tests. I don't have a person to give to that two-month effort, so I said [to the vendor], 'Give me an analyst who has statistical background, who can run some reports, create some things.' We brought a person in, he sat in a cubicle, he did the stuff, he went back to them." She adds: "That is a flexibility that TSA has done extremely well, which is we didn't staff up a whole bunch of federal employees. We brought them in as a contractor and then they go back when we don't need them anymore, and if they work out and there's a permanent job to be had, then we've tried them out and we see if they perform."

Direct-Hire Arrangements

Part-Time

Upon its creation, TSA was given one year to become operational. Approximately 60,000 passenger and baggage screeners were hired and trained during that time. Initially, a sufficient number of full-time employees were hired to handle the periods of peak demand, which, corresponding to airline schedules, occur in the early morning and late afternoon. The schedule was such that TSA was left with substantial overcapacity during the middle portion of the day. The agency came to be derisively referred to by some as "thousands standing around."

Based on a perception that the agency was overstaffed, Congress imposed a cap of 45,000 full-time equivalent workers (FTEs). To cope with the diminished resources, TSA determined that it would make greater use of alternative work arrangements including, in particular, part-time work schedules. Of the 48,000 screeners on TSA's payroll as of 2004, approximately 8,000, or 16 percent, were part-timers. With the part-timers, the agency has been able to maintain acceptable staffing levels and waiting times despite the 25 percent cut in resources. Whereas full-time employees were brought on for eight-hour blocks of time, part-timers can be brought in for four- to five-hour shifts coinciding with periods of peak traffic.

The influx of part-time employees has presented TSA with both challenges and opportunities. An opportunity is that the part-time workforce also serves as a ready source of recruits for full-time positions as openings become available. In effect, workers hired on a part-time basis can be screened prior to being offered permanent full-time jobs. According to Mike Zunk, federal security director at Chicago's O'Hare Airport, "We know exactly how they perform, how good they are, how trustworthy they were, and how often they show up for work, so from this part-time force we can say, 'Okay, we are going to hire the 20 best as full-time.'" In Chicago, this arrangement is working well enough that TSA is hiring exclusively part-timers while meeting its full-time needs by promoting from the part-time ranks.

However, the use of part-time employees has also posed challenges. When TSA was cut from 60,000 to 45,000 FTEs, Zunk's screener force was cut from about 2,200 to 1,630. Of the 1,630, about 300, or 18 percent, are part-time. Zunk has had difficulty in retaining the part-time employees in part because of the time and cost associated with commuting. Employees who drive to work have to park at a remote lot and take a bus to the terminal, adding about 30 minutes to the time needed to get to work. In addition, they are required to pay a \$45 monthly parking fee regardless of the number of days they work. Zunk estimates that most of his employees drive approximately an hour to get to work. He observes, "If you are a single mom with children, you have to drop them off at the babysitter at 2:30 a.m. if your shift starts at 4:00 a.m. It's really difficult to find babysitters that want to open their doors at 2:30 in the morning."

According to TSA officials, security directors at some of the larger metropolitan airports like JFK in New York, Los Angeles International, and Denver have largely given up trying to hire part-timers. The directors of airports in non-metropolitan regions, in contrast, have had great success with these arrangements due largely to the ease of the commute in these areas. Zunk notes, “These people have been able to recruit because of the fact that they have on-site parking. They don’t charge to park. They can get out of their cars and walk to the airport, do their four hours, and go home.”

Benefit issues pose another obstacle to the use of part-timers. Tom Mulhern of the Program Executive Office, Office of Human Resources of TSA, comments, “The biggest reason why people want part-time employment is the federal benefits.” The federal government is somewhat exceptional in offering both health and retirement benefits to its part-time employees. However, the cost of these benefits to the employee is prorated based on the employee’s work schedule. An employee who works half-time and needs medical coverage has to pay half the cost of health insurance, which can amount to several hundred dollars per month. For those on a part-time salary, the cost can be prohibitive.

To address this problem, TSA has taken advantage of the personnel flexibilities afforded it by Congress to define 33 hours per week as full-time, allowing employees working 33-hour schedules to qualify for full-time benefits. Mulhern of TSA explains, “Our challenges are peaks and surges, holidays and vacation periods, conventions and international meetings. The answer to having the type of robust part-time employment base we need is the full-time benefits.”

Another problem with a part-time workforce is that many of those so employed would prefer to be full-time. Kohlstetter of TSA describes it as “sort of a fill-in job for many”:

They’re in school, they’re finishing their education, they may have family commitments, children, an elderly situation, or they already have one job and they’re just looking to make some additional salary.... It’s very different from the full-time worker who’s looking for a career, who’s looking to come in, get established, get training, develop themselves into a more permanent

position, and that’s their sole job, so they have a different focus on their commitment to that job.

O’Hare’s Zunk estimates that fully half of his part-time screeners would prefer full-time work. He is able to convert some to full-time as openings become available, but those who are not so converted are likely to leave as outside opportunities for full-time work appear. The high turnover that results is not only disruptive but costly. TSA estimates the cost of hiring and training, including obtaining security clearance, at \$8,000 to \$10,000 per employee. The costs are the same, regardless of whether the employee is full- or part-time.

It is crucial, given the nature of TSA’s mission, that the performance levels of part-time employees be equivalent to those of full-time employees. Kohlstetter of TSA states, “What we didn’t want to do is create a second-class citizen, [to imply] that the part-timers were somehow less skilled or less invested in than the full-timers, because then you’re not going to get the same service and the same level of security as you go through.” Accordingly, TSA currently requires each screener to undergo three hours of training per week. A result is that the proportion of time, and hence of costs, devoted to training of part-time employees is much higher than for full-timers. Mulhern observes:

We make the same investment in somebody whether they are full-time or part-time. Our hiring costs, our training costs, our uniform costs ... all of those costs are the same regardless of full-time or part-time.... [TSA’s] investment has been made in you as a part-time worker, so we want to keep you as long as we keep our full-time worker. And they may not have the same career aspirations or stay quite as long, but we need them to come to work to perform at just the same level.

The trade-off for TSA is that the use of part-timers allows better coverage and shorter waiting times for passengers than a higher proportion of full-time employees would. This is particularly important in light of the FTE cap imposed by Congress. Jay Goyal, special assistant to the chief of staff, Aviation Operation of TSA, comments:

To the extent that we now have a cap, it's much more important to us that we gain the efficiency out of it than necessarily some of the costs. There was a point when we had a lot more screeners, where having a few extra full-timers instead of part-timers seemed okay. But now we just need coverage as much as possible at the right times, and part-timers allow that more than full-timers. We probably lose out a little bit because the training for an individual is the same regardless if they're only working for us two hours a day versus eight hours a day. In the end, we need every one of those working hours to be at times when we need them.

To reduce turnover, security directors seek out groups and individuals who prefer part-time to full-time work. Zunk notes, "A lot of our part-timers use this as a second job. We have some guys from FedEx and UPS; after they get off their routes they come to work for us for three to four hours. That's all they want is 20 hours." In Florida, TSA has had success in recruiting retirees. Reagan National Airport near Washington, D.C., has been able to recruit firefighters. Students are also good prospects for part-time work. Says Zunk, "I've told our contractors to really look hard at the universities, especially since our busiest season starts Memorial Day and ends Labor Day. It would be great work for a college student. He could adjust his hours; even if he was taking summer classes, he could still adjust his hours."

Temporary Employees

TSA made extensive use of temporary appointing authorities in ramping up to its full complement of screeners. TSA was given several deadlines by Congress, the first of which was that it be prepared to screen all passengers by October 2002, and the second that it be prepared to screen all luggage by December 2002. However, many of those hired to screen baggage weren't needed once certain specialized screening machines were installed. Kohlstetter of TSA explains:

Once the machines got deployed, we knew we weren't going to need those people, so the temporary [appointments] made a lot of sense for them. We'll convert the ones we need, but say we hired 10 people and we only really need five now, once the machine

is there. We knew there was going to be this adjustment to be made. It made sense to say they are temporary appointments.

Temporary appointments were also used to hire people at TSA headquarters. In light of the tight time constraints under which the agency was operating, temporary appointments made sense because individuals could be brought on board much more quickly than what was possible through the normal competitive hiring procedures.

Other

There are seasonal as well as hourly fluctuations in TSA's workload. As a way of coping with seasonal fluctuations, TSA created a National Screening Force, which includes about 650 screeners. Each of these individuals has a home airport but has volunteered to take temporary assignments elsewhere as dictated by demand. According to Goyal, "They'll go out to Colorado in the wintertime, and then they'll leave there by the time the spring rolls around because those screeners aren't necessary anymore. Maybe in the springtime, go to Alaska for a while when there's more of a tourist season going on in Alaska."

National Aeronautics and Space Administration Glenn Research Center

Like the Office of Naval Research and the Naval Research Laboratory, NASA has a research-oriented mission and hence employs significant numbers of scientists, engineers, and technical personnel. As at ONR/NRL, NASA's research is centered around specific projects; as a result, many personnel are brought in on a temporary basis to facilitate contract completion. We conducted interviews both at NASA headquarters in Washington and at the Glenn Research Center outside Cleveland, one of three NASA research centers. One finding was that despite a similarity in mission, the Glenn Research Center uses substantially fewer contract workers than does ONR. The Center does, however, make extensive use of direct nonstandard work arrangements.

Direct-Hire Arrangements

Part-Time

At NASA, as with most of the agencies surveyed, the use of part-time work arrangements is largely episodic; most employees making use of such arrangements do so because of situations in their personal lives that make it difficult to work a full-time job. That said, NASA does an exceptional job in accommodating these employees. Vicky Novak, chief human capital officer at NASA, described the wide range of NSWAs made available to their employees, including part-time, job sharing, flex-time, and flexible hours. In 2004, the Partnership for Public Service (PPS) rated NASA first among all federal agencies as a place to work based in part on results in the area of “family-friendly culture and benefits.” PPS offered the following description: “Family-friendly flexibilities are offered to employees, including telecommuting and alternative work scheduling, along with personal support benefits like child care subsidies and wellness programs.”²³

The Glenn Research Center provides an example. Of Glenn’s 1,900 employees, approximately 40 are part-time. Consistent with practices in the rest of the agency, the Center attempts to accommodate full-time employees who request to go to part-time. Usually such requests are based on changes in personal circumstances. Robyn Gordon of NASA’s Glenn Research Center comments, “For some people it’s health, for some people it’s family situations. Some people may have gone back to school and wanted to work part-time, and their work allowed them to do that because research is kind of a flexible arrangement where maybe they’re in school and they are only working part-time. But part of their work at school actually benefits their research here.”

Term or Temporary

Although the numbers are not large in absolute terms compared to other agencies, NASA has a relatively high proportion of term employees. Term appointments, in contrast with permanent appointments, are of limited duration. The Glenn Center has 23 full-time term employees. Gordon provides an example of when a term appointment would be used: “The term authority is really used for projects that have a definite end period or they’re going to be short term in nature. We have an aircraft that we fly to study the icing and the weather patterns. We’re only going to do this for two years; that’s the

length of the research project. We hired a term pilot for that period of time.”

Term employees are hired for one-year periods but can be renewed up to five times for a total of six years. Prior to the passage of a recent law authorizing new personnel flexibilities for NASA, the limit was four years. The renewals are not automatic; according to Gordon, “We do look at each time the person’s renewal term comes up and verify that there is still work for that person to do.”

Intermittent

Members of NASA’s Advisory Board, which consists of scientists and engineers, are appointed on an intermittent basis because their work schedules are unpredictable. Advisory Board members are brought in on an as-needed basis to consult on projects.

Student Employment Programs

Use of the student employment programs at NASA, as at the other agencies surveyed, is primarily for recruitment purposes. Students brought in under the Student Career Experience Program are evaluated on the basis of their long-term potential. Gordon at NASA’s Glenn Research Center comments: “Approximately half of our external hires are made through co-op conversions ... it’s a primary way that we get new talent in. Now we only hire people into the co-op program that we believe would make good candidates for full-time employment.”

At the Glenn Research Center, about 80 percent of SCEP students convert to full-time employment upon receiving their baccalaureate degrees. Some who do not convert at the time of graduation remain in the program and go on for graduate degrees, particularly the Ph.D., which is of great value to the agency in the scientific and engineering areas. These students can convert to full-time employment upon receiving their terminal degrees. The priority NASA places on student employment programs as a recruitment tool is apparent by the creation at the Glenn Research Center of the position of a “co-op coordinator” who attends professional conferences and makes contact with hundreds of schools every year.

The Glenn Research Center hires about 60 students a year under both SCEP and STEP, the Student Temporary Experience Program. Under the SCEP, NASA enters into an agreement with a college or

university; when a vacancy occurs, NASA notifies the institution, which then solicits applicants for the vacancy. SCEP applicants at NASA must major in math, science, engineering, or business. STEP is less competitive than SCEP and is not limited to students majoring in specific disciplines, and there is no requirement that the applicant's institution enter into an agreement with NASA. Whereas students in the SCEP program are eligible to convert to permanent jobs upon graduation, STEP is more of a temporary employment program. Although SCEP is more important as a recruitment vehicle, according to NASA Director of Human Resources Novak, "Both programs have been very useful conduits for employment of talented graduates at NASA."

Other/Intergovernmental Personnel Act

Flexible work arrangements have provided NASA with expertise it would not otherwise have had access to. NASA's mission requires highly specialized scientists and researchers, which demand creative and competitive recruitment strategies. Gordon of NASA's Glenn Research Center explains, "Some of the skills that we have a need for, like nuclear engineers ... we have to work with the Navy, or DoD, or Los Alamos, to get that expertise or to recruit people for those jobs." Likewise, Novak at NASA headquarters indicates that the advantages to flexible work arrangements include the ability to draw on very specific science and engineering expertise on demand, and to change the workforce mix as needs dictate. NASA's analysis of its workforce led the agency to think more critically about strategic staffing, which led to greater use of term employees, IPAs, and the agency-specific NASA Excepted Authority (NEX).

NASA has used IPA authority to bring in academics and industry experts for specific projects. Under this arrangement, the individual remains with his or her original employer, but that employer is reimbursed for salary costs associated with the employee. IPA arrangements work in the other direction as well, with NASA employees accepting temporary assignments at a university or private business to enhance their knowledge and skills. NASA has about 100 people either in from somewhere else or out to a university or firm at any one time under IPA arrangements.

On occasion, NASA has rehired annuitants, often as mentors or trainers. According to Novak, however, the agency tries to limit extended terms of employment by reducing the financial incentives of this type of arrangement "in order to avoid abuse."

Challenges and Opportunities in Expanding NSWA Use

ONR, TSA, and NASA serve as exemplars of agile agencies with flexible workforces that make heavy use of the various forms of nonstandard work arrangements. These three agencies notwithstanding, we find that nonstandard work arrangements have been a substantially incidental feature of the human resource programs at most agencies. This is the case for a number of reasons. One is simply that agencies have always relied primarily on full-time, full-year, permanent job arrangements, and no compelling case has been made for them to change. It is also the case, however, that NSWAs present some management challenges with which agencies would have to contend. In this section we review some of those challenges and also highlight issues and opportunities that NSWAs present.

Direct-Hire NSWAs and Rehiring the Retired

The direct-hire types of NSWAs, including part-time, seasonal, and on-call workers, present both recruitment and retention challenges. As noted earlier, TSA has experienced a high rate of turnover in its part-time workforce in metropolitan areas. Many of those accepting part-time appointments prefer full-time work and hence stay only until something better turns up. That part-time workers receive health and benefits is an attraction of federal employment; that the cost is prorated such that these employees end up paying a high amount for that coverage makes it less appealing. In the metropolitan areas, commute times deter many from applying for or staying with part-time jobs. Similar issues surface at agencies like the IRS that make heavy use of seasonal workers. Even in good years, the IRS experiences approximately 40 percent turnover among its seasonal employees.

High turnover rates among those in direct-hire NSWAs result in both high training and high recruitment costs. TSA estimates the cost of hiring and training, including obtaining security clearance, at \$8,000 to \$10,000 per employee. For long-term employees, those costs are amortized over a period of years; for employees staying only a short period of time, the cost per hour worked is much higher.

For agencies with significant workload fluctuations like TSA and IRS, the benefits associated with NSWAs in the form of “surge capacity” outweigh the additional costs. It is not clear that that is the case in other agencies where the workflow does not vary consistently and significantly by hour, week, or season, or where skill levels and hence training costs are high. For these agencies, the category of direct-hire NSWAs that makes the most sense to consider for significant expansion is retired federal workers. As large numbers of workers retire over the next five to 10 years, the pool of those interested in remaining at some reduced level of activity will increase. By virtue of their experience, these workers have the needed skills and require no special training. They are known quantities, they are familiar with the conventions and culture of the workplace, and they can be placed immediately “online.”

The primary obstacle to an expanded use of annuitants is the offset that is required under federal law. Most workers will be reluctant to return to work under circumstances where their salary is reduced by the amount of their pension. This is a significant obstacle, and one that warrants attention by policy makers. We address this problem in our recommendations in the next section.

Other categories of workers who are disproportionately engaged in direct-hire NSWAs include students and individuals with family responsibilities. Employment programs set up to accommodate such individuals can work to the advantage of agencies in need of qualified workers. Many such workers have skills and competencies needed by agencies. And, as noted earlier, student workers serve as potential recruits for full-time, full-year, permanent positions. We include recommendations in the next section that agencies expand their student employment programs and that agencies promote the availability of part-time work schedules for individuals with family responsibilities. Given the transient nature of such circumstances, however, it is unlikely that workers in these two categories will ever compose more than a fraction of the overall workforce.

Contract Workers and the Core-Ring Model

The one category of NSWAs that holds promise for a more dramatic transformation of the federal workplace is that of contract workers. As noted earlier, various private sector firms have experimented with what has been called a “core-ring” model with a core of full-time permanent workers and a “ring” of those in more contingent arrangements. The ring can consist of direct-hire NSWAs—such as part-time, seasonal, and on-call employees—or contract workers. The most viable model relies predominantly on contract workers. Only through a contract mechanism are agencies likely to be able to procure workers who are able to make a long- or medium-term commitment and hence for whom investments in training and skill development make sense.

Of the agencies we surveyed, the Naval Research Laboratory most closely approximates the core-ring model. Approximately 40 percent of NRL workers are contract workers. These employees work alongside permanent federal employees. The quality of the individuals holding these positions is high. Most are present for a period of years and can hence develop long-term relationships. The flexibility that these individuals afford is a significant advantage to the organization. As new projects are initiated, individuals with needed skills and competencies can be brought in on relatively short notice. When a project ends, individuals who are no longer needed can be let go without going through messy RIF procedures.

Importantly, according to NRL officials, the cost of these contract workers is only marginally higher than for regular federal employees.

Can this model work in non-technically-oriented and non-project-based organizations? We think it can, although some testing is in order. A key to the success of the ONR/NRL model is the close relationship that ONR/NRL has developed with its suppliers. According to ONR/NRL officials, these suppliers are attentive to whether those assigned are filling the agency’s needs and are willing to make adjustments as needed. Further, to the extent they value the business, they have strong incentives to satisfy ONR/NRL’s needs. This extends even to transferring individuals who don’t fit well with a particular work group or supervisor. In the next section, we recommend that other agencies seeking to emulate ONR/NRL seek similarly strong supplier relationships. To the extent no appropriate supplier exists, consideration should be given to partnering with an outside profit or nonprofit entity in creating one.

Legal Issues Regarding Contract Employees

A danger in relying on contract workers to perform core functions is that agencies must abide by legal distinctions between contract workers and regular employees. There is a history of court decisions on this matter, but the line is still somewhat fuzzy. In *Nationwide Mutual Insurance Company v. Darden* (1992), the Supreme Court summarized the common law test as follows:

In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party’s right to control the manner and means by which the product is complete. Among the other factors relevant to this inquiry are the skill required, the source of the instrumentalities and tools, the location of the work, the duration of the relationship between the parties, whether the hiring party has the right to assign additional projects to the hired party, the extent of the hired party’s discretion over when and how long to work, the method of payment, the hired party’s role in hiring and paying assistants, whether the work is part of the regular business of the hiring party, whether the

hiring party is in business, the provision of employee benefits, and the tax treatment of the hired party.

In the famous “permatemp” case, the Ninth Circuit Court of Appeals determined that a number of individuals working on contract for Microsoft were de facto employees and entitled to the same benefits as employees.

Federal agencies, like private sector employers, need to be careful about crossing the line and treating contract workers like employees. Federal Acquisition Regulation (FAR) 37.104 states that agencies cannot award personal services contracts unless specifically authorized by statute. The FAR defines a personal services contract as one characterized by an employer-employee relationship between the government and contractor personnel—more specifically, that the contractor personnel are subject to the “relatively continuous supervision and control of a government employee.” Agencies like NRL thus write contracts that include mechanisms for tasking contractor personnel that do not constitute “relatively continuous supervision and control.” However, the line is fuzzy and needs to be clarified if a broad expansion of these arrangements is to occur.

Do NSWAs Disadvantage Workers?

There is much discussion in the literature on “contingent labor” about whether such arrangements disadvantage workers. One contention is that “being a contingent worker or being in an alternative work arrangement consigns a person to the bottom of the economic ladder, where the worker experiences frequent job changes and has little economic security and no hope of economic advancement.”²⁴ Yet BLS data show that while some workers are forced into these arrangements after failing to secure full-time, full-year, permanent employment, many others, including retirees and those with personal or family obligations, prefer part-time, seasonal, or contract work. Based on the BLS survey, Polivka (1996) concludes, “The majority of contingent workers would prefer to be in noncontingent arrangements.”²⁵ She further notes that NSWAs can serve as a vehicle for some who would otherwise be shut out of the job market completely to gain job skills prior to moving to more traditional jobs.

BLS data shows that workers in at least some NSWAs are less likely to receive health and pension benefits than are workers in more permanent arrangements. For example, for the economy as a whole, 83 percent of workers in traditional work arrangements are eligible for health insurance benefits through their employer, whereas only 32 percent of part-time employees are eligible for such benefits.²⁶ About 57 percent of workers in full-time, full-year, permanent jobs have pension coverage, whereas only about 22 percent of full-time workers in more contingent arrangements have such coverage.²⁷ Importantly, however, with regard to implementation of the core-ring model, contract workers have approximately the same level of coverage as non-contract workers. Also, the federal government is somewhat more generous than most private sector employers with regard to benefits provided to those in direct-hire NSWAs.

NSWAs, Variable Personnel Costs, and Performance Budgeting

In recent years, federal agencies have been continually pressed to cut expenses. A complicating factor is that personnel costs, which constitute a very high proportion of expenditures at most agencies, are substantially fixed. When cuts are imposed, agencies are loath to go through messy RIF procedures, which are traumatic for both those being “riffed” and those doing the RIF. In many agencies, RIFs represent a violation of the implicit contract between agency and worker that the worker’s job is secure as long as performance is adequate.

Under these conditions, labor costs become, in effect, substantially fixed. Non-personnel-related areas of the budget, including such areas as training, equipment, and contracted services, take disproportionate cuts, with adverse consequences for mission accomplishment and quality of worklife. When cuts are absorbed through attrition, they are generally spread throughout the workforce rather than targeted on any one unit or program. Under these conditions, performance implications are difficult to specify. Policy makers can impose cuts yet evade blame for program and performance consequences of those cuts.

With a greater proportion of the workforce under NSWAs, labor costs become more variable. Workers hired under temporary or term appointments come with an understanding of the time-limited nature of their relationship. The hours of those working seasonal and/or part-time jobs can be varied as budget conditions require. Contract personnel can generally be brought on or let go on relatively short notice. With these workers, the workforce becomes more malleable, cuts can be targeted to specific functions or programs, and the performance consequences identified. Policy makers are forced to acknowledge and accept responsibility for any budget reductions imposed.

Recommendations and Conclusion

Recommendations for the Office of Personnel Management

Recommendation 1: The Office of Personnel Management should designate an individual with overall responsibility for Nonstandard Work Arrangement (NSWA) policies.

Recommendation 2: The NSWA advocate should make a comprehensive review of NSWA policies and update those policies as required.

The Office of Personnel Management is key to expanding the use of NSWAs in the federal sector. OPM is responsible for many of the rules and regulations that govern the use of part-time, seasonal, temporary, and term positions. The rules for these different categories of appointments and work schedules that have accreted over the years are dated and do not form a coherent whole. Responsibility for oversight of these policies is fragmented within OPM. The OPM director should appoint a Nonstandard Work Arrangement advocate to oversee policy in this area. One responsibility of this office would be to coordinate oversight of policies relating to NSWAs. This would include a comprehensive review of these policies and initiating changes to laws and regulations relating to the various categories of NSWAs.

We have identified a number of policies that warrant review. For example, under current policy, temporary employees working 1,039 hours per year can be noncompetitively reappointed for an indefinite period of time. Temporary employees working 1,041 hours can work up to two years only, at which point the position must be abolished or justification provided as to why it should be extended. Temporary

employees working 2,079 hours per year are not eligible for health benefits; those working 2,081 hours are, but must pay the full cost themselves. Under OPM rules, permanent seasonal appointments must last at least six months, but many agencies have needs for these workers for shorter periods of time. The regulations are full of such technicalities. Consistent with the new strategic perspective on human resource management promoted as part of the President's Management Agenda and OPM's own Human Capital Assessment and Accountability Framework, agencies should be provided flexibility to determine what arrangements best suit their particular missions.

OPM should also review its policies regarding health insurance for part-time and seasonal personnel. If the government were to extend full health insurance benefits to those working at least half-time (20 hours per week), some employees who now feel compelled to work a full-time schedule in order to qualify for health insurance benefits may be willing to work fewer hours, thereby enabling savings in labor expenses. Such a change would make part-time jobs generally much more appealing to potential recruits. As a first step toward evaluating such a policy, OPM should conduct a survey of the federal workforce.

Recommendation 3: The NSWA advocate should develop policies and/or recommend legislation that facilitates the rehiring of annuitants.

In a 2004 report, GAO reported the results of a forum it convened, "Workforce Challenges and Opportunities for the 21st Century: Changing Labor Force Dynamics and the Role of Government Policies." One of the topics covered was "Keep older workers engaged in the labor force." The report states as follows:

Some participants explained that older workers vary in the amount of hours they want to work before retiring. However, many pension policies do not offer older workers the flexibility to work part-time. To encourage the baby boom generation to retire gradually and to retain the skills of older workers, some participants suggested the following policy changes:

- Support pension policy and regulation changes that allow workers to work part-time and still receive a pension;
- Remove barriers to phased retirement that arise from confusion over tax, pension, and age discrimination laws; and
- Clarify the law on rehiring retirees.²⁸

Current federal law requires that the salary of any individual who, having retired from the federal government, then accepts an appointment with the government, be reduced by the amount of his/her annuity. In essence, the individual is working for free up to the amount of the annuity. Most individuals are unlikely to accept employment under these conditions. With the impending retirement of a large number of federal workers and with the ongoing need of agencies for qualified workers, it makes sense for the government to revise its policies to allow those who desire either to gradually phase down the number of hours worked without loss of income and/or return to work without incurring a reduction in salary. Recent news reports chronicle a trend toward phased retirement as employers face labor shortages and as older workers discover they don't have the financial resources to leave the workforce entirely.²⁹ The federal government should review private sector prac-

tices and make recommendations for changes in federal policy in this regard.

Recommendation 4: The Office of Personnel Management should improve collection of data on agency use of NSWAs.

Currently, the only generally available source of data on the use of NSWAs in the federal government is the Office of Personnel Management's report entitled "Employment and Trends." However, it is difficult to get a fix from this report on the extent to which agencies are using different forms of NSWAs. For example, the data is reported in such a way that permanent, full-time, seasonal jobs are lumped in with permanent, full-year jobs as "full-time permanent" positions. There are not separate breakdowns by appointment type and work schedule such that one can determine how the work is performed. Data on the use of contract and temporary help agency employees is not collected centrally at all.

We recommend that agencies be required to submit two annual reports on NSWAs usage, one for federal employees and one for nonfederal/contract workers. The federal employee data would be presented according to a three-dimensional matrix that would capture both numbers of employees and full-time equivalents according to (1) type of appointment (permanent, temporary, term); (2) work schedule (full-time, part-time, intermittent); and (3) full-year vs. part-year (see Table 3).

Data on contract workers would be reported only for those contract workers who work only on site and for one customer for a period of at least six months in duration. Data such as this will make it possible for policy makers to ascertain the extent of the use of NSWAs and adjust policies to accommodate their expansion as needed.

Table 3: Proposed Data Format for NSWAs Reporting by Agencies

	Work Schedule					
	Full-Time		Part-Time		Intermittent	
	Full-Year	Part-Year	Full-Year	Part-Year	Full-Year	Part-Year
Type of Appointment						
Permanent						
Temporary						
Term						

Recommendation 5: The Office of Personnel Management should solicit proposals from and collaborate with agencies in testing the “core-ring” workforce model.

Recommendation 1 below under “Recommendations for Agencies” proposes that the core-ring model be formally tested in multiple work units. Although, under the personnel demonstration project authority, proposals must come from agencies, they have to be reviewed and approved by OPM. OPM should work collaboratively with agencies on such a test.

Recommendation 6: The Office of Personnel Management, in conjunction with the Office of Management and Budget, should seek clarification from Congress as to what constitutes an employment relationship.

A key obstacle to expanding the use of contract workers is the ambiguity that surrounds the question of what constitutes an employment relationship. The concern is that where a contractual relationship “crosses the line” and becomes a de facto employment relationship, the employer—in this case the federal government—is obligated to provide the contract worker with the same benefits as other employees. The Federal Acquisition Regulations place constraints on personal services contracts, which are defined as those in which contract personnel are subject to the “relatively continuous supervision and control of a government employee.” Specifically, the FAR states that such contracts are prohibited unless specifically authorized by Congress. Yet a supervisory relationship is clearly envisioned by the core-ring model. Any general expansion or even testing of this model would require either a blanket authorization or legal clarification from Congress. OPM and OMB are the logical entities to initiate such action.

Recommendations for Agencies

Recommendation 1: Agencies should seek personnel demonstration project authority to conduct a formal test of the core-ring model.

Recommendation 2: Agencies should explore opportunities to create partnerships with contract staffing companies and unions to serve as arbiters of labor pools.

We have discussed the core-ring model at length. A close approximation of that model is in place at the

Summary of Recommendations

Recommendations for OPM

1. The Office of Personnel Management should designate an individual with overall responsibility for Nonstandard Work Arrangement (NSWA) policies.
2. The NSWA advocate should make a comprehensive review of NSWA policies and update those policies as required.
3. The NSWA advocate should develop policies and/or recommend legislation that facilitates the rehiring of annuitants.
4. The Office of Personnel Management should improve collection of data on agency use of NSWAs.
5. The Office of Personnel Management should solicit proposals from and collaborate with agencies in testing the “core-ring” workforce model.
6. The Office of Personnel Management, in conjunction with the Office of Management and Budget, should seek clarification from Congress as to what constitutes an employment relationship.

Recommendations for Agencies

1. Agencies should seek personnel demonstration project authority to conduct a formal test of the core-ring model.
2. Agencies should explore opportunities to create partnerships with contract staffing companies and unions to serve as arbiters of labor pools.
3. Agencies should expand the availability of part-time work arrangements.
4. Agencies should expand the availability of limited appointments as a means of bringing in individuals from outside government to stimulate new thinking.
5. Agencies should integrate student employment programs into overall human resource strategies.

Office of Naval Research and the Naval Research Laboratory. We were impressed with the apparent advantages of that model, and we recommend that it be tested by agencies with different types of missions. The essence of the model as deployed at ONR/NRL is a core of permanent workers with a ring of contract workers. While other forms of flexible hiring arrangements are in place at these agencies, the number of workers in those arrangements is low compared to the number of contract workers.

We thus see as the central concept to be tested one in which the ring is composed primarily of contract workers. However, alternative configurations of the model should not be excluded from consideration. Among the different types of agencies at which the model should be tested are operations/production agencies such as the Social Security Administration and policy/pass-through agencies such as the Federal Highway Administration. Legal issues regarding whether and to what extent regulatory tasks could be performed by contract workers would have to be resolved before the model could be tested in regulatory agencies.

A key to the success ONR and NRL have had is the close relationship they have developed with their suppliers. The suppliers understand and cater to their needs. Although ONR and NRL have highly technical workforces and hence very distinctive needs, there is no obvious reason why the same model couldn't work in agencies where the work is more service or production oriented. Those agencies willing to experiment with the core-ring model should, as an early step, identify appropriate sources of contract workers. Where there are no existing suppliers, agencies should explore the possibility of creating such suppliers in partnership with other private or nonprofit entities. To protect workers in NSWAs and their interests, labor unions should serve as arbiters of nonstandard work arrangement labor pools, as has been done successfully in the state of Pennsylvania and the Capitol Area AFSCME (American Federation of State, County, and Municipal Employees).³⁰

Recommendation 3: Agencies should expand the availability of part-time work arrangements.

The assumption around which the labor market is structured—that a “job” involves a minimum of 40 hours per week—warrants examination. In many

circumstances, the work may not require a full 40 hours per week of labor. Yet agencies have not made part-time work assignments generally available. Some workers are loath to work less than 40 hours per week, even if their tasks warrant, due to the loss of full health insurance coverage. If, as is recommended above, such coverage were extended to anyone working 20 or more hours per week, some individuals now holding full-time jobs, given the option, would choose to work fewer than 40 hours. The savings in personnel costs would offset some or all of the additional costs incurred.

Recommendation 4: Agencies should expand the availability of limited appointments as a means of bringing in individuals from outside government to stimulate new thinking.

Several of the agencies with scientific and technical missions that we surveyed use Intergovernmental Personnel Act appointments to bring in individuals from academia, state government, or Indian tribes as a learning mechanism. The agencies gain the advantage of the knowledge and skills as well as the ideas of these outsiders. The exchange works both ways; their own workers also accept temporary assignments to these other entities. When the employees return, they bring with them information and knowledge of benefit to the agency. The program represents an investment in both information acquisition, in skill development, and in workforce invigoration. We recommend that agencies expand the use of IPA and/or other appointments such as time-limited Senior Executive Service appointments that permit such exchanges.

Recommendation 5: Agencies should integrate student employment programs into overall human resource strategies.

We have discussed the recruitment advantages of providing work opportunities for students. Student programs have proven an effective means of bringing in individuals with needed skills, identifying those with the highest long-term potential, and then making them part of the permanent workforce. A few agencies, such as the General Services Administration and NASA, have recognized the potential value of these programs and have integrated them into their workforce strategies. In many others, however, student programs are more ancillary. In a recent report, the Partnership for Public

Service concluded, “Many federal agencies fail to incorporate student employment or internship programs into their strategic planning about how to meet future workforce needs of the agency.”³¹

We support the Partnership’s recommendation that agencies more closely integrate student employment programs into their workforce planning efforts.

Conclusion

The core-ring model may appear as a radical idea in the federal context. However, we envision its application as tied to the circumstances of the individual agency. Some agencies, as described in this report, have already adopted such a model in form if not in fact. We believe there would be benefits to expanding the use of the model to other agencies with the relative size of the core contingent on the nature of the agency’s work and on other mission-related considerations. The purpose of the demonstration projects, as described in these recommendations, is to further examine where, to what extent, and in what circumstances, the model could apply.

With the changes at the IRS, FAA, DHS, and DoD, policy makers have issued their verdict with regard to the reform of personnel practices in the federal government; additional flexibility is required if demands are to be met within the constraints of existing resources. The whole area of alternative work arrangements is substantially unexplored, or at least underexplored as a means of developing a more flexible workforce. This study represents a modest step toward a greater understanding of the ways in which federal agencies have creatively employed flexible work arrangements and further proposes steps that can be taken to expand their potential.

Endnotes

1. According to the March 2004 figures in *Employment and Trends*, Office of Personnel Management; online at www.opm.gov. Note that the figures for the government as a whole exclude the Postal Service, which is a government corporation.
2. The creation of a National Security Personnel System was authorized by the 2004 National Defense Authorization Act. The Homeland Security Act of 2002 gave DHS authority to waive or modify parts of civil service law in Title 5 of the U.S. Code.
3. IRS received flexibilities as part of the IRS Restructuring and Reform Act of 1998; the FAA as part of the Fiscal Year 1996 Appropriations Bill for the Department of Transportation and Related Agencies.
4. Office of Personnel Management, *Work Years and Personnel Costs*, FY 2001. Note that in the federal structure, many of those holding seasonal positions, such as at the IRS and the Forest Service, are counted as full-time and permanent, although only part-year.
5. See the report by the U.S. Merit Systems Protection Board "Managing Federal Recruitment: Issues, Insights, and Illustrations" for data on these trends. The report can be obtained at www.mspb.gov.
6. See 5 CFR Chapter 1, Part 837.303.
7. See "Double Dip Dilemma," *Governing Magazine*, July 2003.
8. U.S. Office of Personnel Management. "OPM Director Kay Coles James Kicks Off Federal Workforce Conference at Baltimore Convention Center." Press release dated September 9, 2004. Retrieved November 12, 2004 at www.opm.gov/conference. Emphasis supplied.
9. U.S. Department of Defense 1997. DoD Memorandum on Personnel Reform, online at www.govexec.com.
10. See C. Handy (1989). *The Age of Unreason*. London: Business Books Limited, p. 74.
11. Nollen and Axel (1998). "Benefits and costs to employers." In Kathleen Barker and Katherine Christensen (eds.) *Contingent Work: American employment relations in transition*, pp. 126–143.
12. See Kettl, Ingraham, Sanders, and Horner (1996). *Civil Service Reform: Building a Government That Works*. Washington: Brookings Institution.
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17. See S. Houseman (2001). "Why employers use flexible staffing arrangements: evidence from an establishment survey." *Industrial and Labor Relations Review* 55: 149–170.
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21. U.S. Senate Committee on Governmental Affairs. "Report to the President: The Crisis in Human Capital" (available on the Internet at http://www.senate.gov/~gov_affairs/humancapital.pdf).

22. Office of Naval Research 50th Anniversary Naval Research Reviews, p. 4.

23. See "The Best Places to Work in the Federal Government," a study conducted by the Partnership for Public Service and the Institute for the Study of Public Policy Implementation at American University, at <http://www.bestplacestowork.org/>.

24. A. Polivka (1996). "Into contingent and alternative employment: by choice?" *Monthly Labor Review* (October): p. 53.

25. *Ibid.*, p. 62.

26. Marisa DiNatale (2001). "Characteristics and preferences for alternative work arrangements, 1999." *Monthly Labor Review*, March.

27. S. Hipple and J. Stewart (1996). "Earnings and benefits of contingent and noncontingent workers." *Monthly Labor Review* (October).

28. GAO (2004). *Workforce Challenges and Opportunities for the 21st Century: Changing Labor Force Dynamics and the Role of Government Policies* (GAO-04-845SP), p. 14.

29. B. Rose, "Retirees preparing to step back, not away," *Chicago Tribune*, January 16, 2005; E. Porter and M. Walsh, "Retirement turns into a rest stop as benefits dwindle," *New York Times*, February 9, 2005.

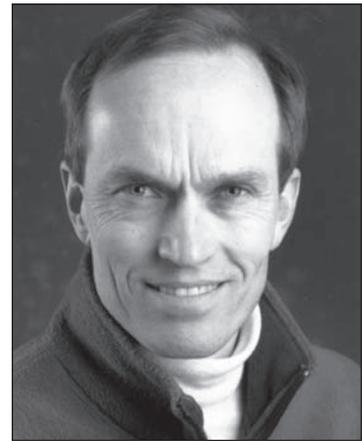
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