NPR - Labor Dept Performance Agreement

THE WHITE HOUSE

WASHINGTON

November 8, 1993

MEMORANDUM FOR ELAINE KAMARCK

CC: Belle Sawhill

FROM: Peter Yu

SUBJECT: Draft DOL Performance Agreement

Bob Rubin believes that performance agreements should focus *exclusively* on management initiatives, leaving policy initiatives to the policy councils and the FY1995 budget process. He defines "management initiatives" as efforts concerning the administration of existing, authorized, or appropriated programs.

In light of his concerns, I would ask that you review several items in the draft Labor agreement:

- School-to-work: is this program authorized for FY1994? are these monies appropriated for FY1994? if so, what is the "legislation" mentioned here?;
- Worker adjustment: although the President has committed the Administration to this important initiative, it is not a *management* initiative for FY1994;
- One-stop career centers: is this program authorized for FY1994? are these monies appropriated for FY1994? if so, what is the "legislation" mentioned here?;
- OSHA and PBGC reform: while these are important initiatives, they are not *management* initiatives for FY1994.

Bob is concerned that, while worker adjustment, OSHA, and PBGC are important, if each agency announces such policy priorities, we will have more than four dozen Administration "priorities." I would add that focusing exclusively on *management* priorities as Bob suggests would have the added advantage of not raising eyebrows about what is *left out* of the performance agreements--such as why a minimum-wage increase is not included in Labor's agreement.

Please let me know how you wish to proceed. Thank you.

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Please let me know how you wish to proceed. Thank you.

NPR - DOL Performance ~~Agreement~~

- Focus on Management Issues - not broad policy
- only on projects that are FY94

- 2 Track Process - Public & Private
- won't go to President until everyone happy

FTE Ceiling => move to Personnel Budgets

FY95 - FTE Ceiling

These Documents should be Internal Man Docs - not Policy ~~Documents~~

FY 94 - Funding

Public v. Private

Evolve over time

Process vs. Outcomes - Must be ~~determined~~

without measurable outcomes, worthless?

---

exec order on unfunded mandates?

Regulation

Consolidation not finalized in Decision Making Process

don't Standardize Process

OSHA no

NATIONAL PERFORMANCE REVIEW
Al Gore, Vice President

National Performance Review
750 17th Street
Box 101
Washington, DC 20006

November 1, 1993

To: See Distribution

Through: Elaine Kamarck

From : Pamela Johnson, NPR

Subject: Review of Department of Labor Performance Agreement

A draft Performance Agreement for the Secretary of Labor is attached. It will be reviewed on Thursday, November 4 at 11:15 am, Room 260 OEOB. We expect that the following people will participate in the meeting from the Department of Labor: Thomas Glynn, Steve Rosenthal, Thomas Komarek, Adelita Orefice and Janis Carreiro.

We are preparing an issues paper for the meeting. Please let me know if there are any issues that you would like to have included in the issues paper. I can be reached at NPR, 632-0150, ext. 142, fax 632-0390.

Attachment: a/s

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260
11:15

October 21, 1993 4:26pm

Performance Agreement Between the President of the United States and the Secretary of Labor

The White House

October 21, 1993 4:26pm

Performance Agreement Between the President of the United States and the Secretary of Labor

Section One: Purpose

This Agreement reflects the goals and priorities that Secretary of Labor Robert B. Reich has for the Department of Labor for fiscal year 1994 and supports his commitment to prepare America's Workforce and Workplaces for the 21st century.

Section Two: Department of Labor's Mission

The problem: Americans are working harder for less, and are more anxious about their jobs and their children's futures.

Increasing globalization and ever-advancing technologies put enormous stress on the American workforce. While these trends can lead to higher standards of living for all Americans in the long run, the adjustments are difficult for many Americans to make, and even long-run prosperity won't be shared unless we invest in one another's productivity.

• Americans are working harder and longer for less. Their working lives -- where a majority of adults spend most of their waking time -- are worse in many respects than they were 15 years ago. Since the mid-1970's average American wages have stagnated, and the earnings and benefits of production and non-supervisory employees (roughly correlated with the 75 percent of our workforce which lacks a four-year college degree) have steadily declined. Most Americans have less job security, and more reason to worry that they will not have enough retirement income and health insurance for their families. The gap between their earnings and benefits and the earnings and benefits of those at the top of the income scale has widened, and health and safety on the job has failed to improve adequately in many American workplaces. Although women have gained some ground in the workforce, they remain behind their male counterparts. Similarly, the earnings of African-Americans and Hispanics have failed to rise.

• A greater percentage of Americans seeking employment are less able to find permanent full-time work than 15 years ago. When they become unemployed, a much larger percentage will not get their old jobs back. More Americans are working part-time or as "contingent" workers, though they would rather be working full time.

• In some respects, the workplace has become more combative. Litigation over wrongful discharges, sexual harassment, discrimination, and other employee grievances has increased. Instances of employer harassment for union organizing have increased as well.

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The solution: A better prepared workforce, combined with a high value-added work organization, will lead to better living standards for all Americans.

• A new workforce -- educated and trained for a lifetime of on-the job learning is the "supply side" part of the solution. Workers should be able to utilize technologies as tools to identify and solve new problems. All Americans gain when every American is capable of being a more productive member of society.

• A new workplace is the "demand side" part of the solution. Employees should be given greater voice, job security (or help in finding new jobs), healthier and safer work environments, shares of the gains, and on-the job training. Women and minorities should have full opportunities for advancement. A renewed commitment to enforce labor standards will encourage employers to establish a more positive worker management relationship and to bring about the desired changes to maintain competitiveness. The resulting environment in the new workplace will lead to better corporate performance. Rather than a "zero-sum" outcome in which one side gains at the expense of the other, the new workplace will yield a "positive-sum" outcome in which employees, employers and shareholders all gain.

Sub-themes:

--The fear of economic change can be overcome only if we help Americans cope with change. Military base closing, timber in the Northwest, international trade matters, the restructuring of corporate America, and new technologies -- these developments are forcing an unprecedented change upon the American workforce. Old jobs must give way to new. But unless people are prepared for this monumental change -- and unless the nation helps ease the transition for American workers -- they will, quite naturally and understandably, resist change and find themselves obsolete in the economy of the 21st century. We need to create a new workforce, and a new workplace, in order to ease the transition to a new economy.

--Global trade and investment in America's workforce and workplaces are critical to the success of the new economy. The North American Free Trade Agreement (NAFTA), the General Agreement on Tariffs and Trade (GATT), and other policies that recognize the globalization of our economy are good for America, but only when combined with a national strategy for upgrading the American workforce and the American workplace. Opening ourselves to more trade and modernizing our own economy are two sides of the same coin. Both must occur in order for all Americans to prosper. A failure to advance either goal will stunt America's economic advancement.

--The key to the nation's long-term prosperity lies uniquely in its workforce -- in our worker's insights, skills, and capacities to collaborate -- and in the infrastructure linking us up with one another. Every other facet of production --money, technology, factories, equipment -- moves

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easily across borders and can be replicated by competitors. Patents can be reverse-engineered; equipment can be purchased or rented; trade marks or trade names can be licensed. The only sustainable competitive advantage derives from skilled and motivated employees. Companies that regard their workers as assets to be nurtured and developed are prospering; those that regard their workers as costs to be cut have poorer performance over the long term.

--Too much of our current system of education and training was deliberately patterned after the assembly-line factory, featuring high-volume, standardized mass production. Routine learning of specific skills was the objective. But the new system of education and training must prepare people for a lifetime of on-the job learning. The new skills are critical thinking, problem-solving, and group learning.

--Preparing the American workforce through better education and training is only half the challenge -- the "supply side" of the new equation. The other challenge is to create a new workplace which fully utilizes the new-trained front-line worker -- the "demand side." We cannot create a new workforce for the 21st century without simultaneously developing a new workplace for the 21st century.

--Our hope is that employers choose the "high road" in worker-management relations because they know that by forming partnerships with their employees they can become more competitive. However, we must act in ways to preclude the "low road" through effective enforcement.

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Section Three: Management Strategies

Americans are working harder for less and are more anxious about their jobs and their children's futures than ever before. We can, however, ensure that all Americans will enjoy better living standards by creating a better prepared workforce and supporting high value-added work organizations. To do this, we have embraced four major Departmental strategies to enhance worker preparedness and improve American workplaces.

The creation of a well-prepared workforce begins with "First Jobs" and our plan to prepare all Americans for good jobs at the start of their careers. Likewise, our workforce is strengthened when individual workers possess the skills to move between jobs as increasing globalization and advancing technologies change the way we work. Our second strategy, then, focuses on "New Jobs" and our commitment to ease the transition of Americans from job to job. Our third strategy recognizes that American success in a global economy also requires the development of "Better Jobs," and we will work diligently to create High Performance Workplaces throughout the country and to enhance the enforcement of labor laws that protect workers' rights, safety and health. Finally, we know that the successful creation of First, New, and Better Jobs depends on the Department's willingness and ability to reinvent itself into a high performance work organization. Our fourth strategy, therefore, is to reaffirm our commitment to reinvent the Department through a labor-management partnership with our employee unions.

The following list of FY 1994 goals represents the culmination of ideas that have been developed at all levels of the Department. Last June, for example, 150 DOL managers, union representatives, and field employees attended a leadership conference where many of these ideas were first posed. These ideas were analyzed and sharpened by reinvention teams looking at both agency specific suggestions and ideas that cut across agency lines. In addition, Department of Labor employees contributed over 1,500 Proposals to Reinvent and Improve DOL Effectiveness (PRIDE), some of which have been included in our goals. Together with our employee unions, we have used these ideas to create an agenda for the effective delivery of First Jobs, New Jobs, and Better Jobs to the American workforce and workplace. Once signed, this document will be distributed to every employee of the Department of Labor and will lay the foundation for working performance contracts between me and my executive staff.

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Section Four: ***Department of Labor FY 1994 Goals***

1. First Jobs: Prepare All Americans for Good Jobs

- Initiate School-to-Work: work with Congress to pass legislation; award 8 competitive state grants and 15 to 25 competitive local grants; obtain 10 corporate enrollments; first youth will be enrolled for the 1994-95 school year

- Expand Job Corps: open 2 new centers; train an additional 350 enrollees for a total of 64,000; complete design on 9 new sites

- Implement enriched 1994 Summer Program with increased private sector commitment; increase the number of summer job participants who receive education services by 50%

- Produce occupation specific Skill Standards in 6 industries - Get them adopted

- Increase registered apprenticeships to 325,000 and increase new registrations of targeted groups by seven percentage points. Targeted groups include youth in registered apprenticeship, women and minorities

2. New Jobs: Ease the Transition of American Workers from Job to Job

consolidation

- Develop comprehensive Worker Adjustment strategy by 12/31/93; work with Congress to pass legislation by July 1994

- Initiate One-Stop Career Centers: work with Congress to pass legislation; award grants in 3 to 6 states

- Participate in Defense Phasedown: establish 15 transition centers and provide service to 6,000 employees

- Implement Profiling Initiative in all states for 100% of unemployment insurance claimants as part of converting to a re-employment system

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3. *Better Jobs: Create High Performance American Workplaces*

A. *Create High Performance Workplaces*

- Establish Workplace Performance Measurement Initiative by 9/30/94 and develop discussion guide on high performance workplaces for use by investors and managers

- Encourage the diversity of American workplaces by increasing "glass ceiling" reviews in Fortune 1000 Companies from 19 to 40

- Address changes in the American Workplace and respond to recommendations made by the Dunlop Commission

  Baldrige?

- Create a database of more than 500 best workplace practices and ~~give awards to recognize at least 10 companies that have developed high performance workplaces~~

- Establish an institute to train 40 senior union staff to participate fully as partners with management and to train local union leaders in new forms of labor-management cooperation

- Deliver education programs and provide direct assistance to enable America's 40,000 labor organizations to meet more easily Federal reporting and disclosure requirements

B. *Enhance Enforcement*

- Develop DOL-wide enforcement plan; complete implementation strategy by 9/30/94

- Work with Congress to pass Occupational Safety and Health Administration (OSHA) Reform legislation/ ~~implement in FY 1994~~

- Re-assess OSHA inspection process

  Increase OSHA inspections and penalties collected by 5%

unfunded mandates

- Promulgate 3 health and 6 safety standards in FY 1994

- Improve mine safety by issuing one new health and two new safety standards

- Increase civil penalties assessed for mine safety and health violations

- Increase by 5% the proportion of investigations targeted to low wage industries (garment, agricultural and custodial services) and child labor violations

- Increase compliance reviews of employers with a history of deficiencies

C. *Provide Pension Security*

- Work with Congress to pass Pension Benefit Guaranty Corporation (PBGC) Reform legislation

- Begin preparation for automated processing of Employee Retirement Income Security Act (ERISA) Form 5500 and complete preliminary planning in conjunction with the Internal Revenue Service and PBGC

- Encourage investments that aid the American Economy by distributing to Pension fund investors the Discussion Guide and Results of Research on high performance workplace practices

- Participate in the implementation of health care reform and the resolution of ERISA issues

4. Reinventing DOL to Help Create First, New, Better Jobs

A. *Customer Service*

- Complete customer surveys and action plans for all major programs by 5/31//94

- Increase dislocated worker customer satisfaction by 10% by 9/30/94

- Reduce backlogs in selected case processing systems by at least 25%

- Reduce pending exemptions and requests for interpretation under ERISA by 20%

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B. Reinvention/Savings

- Save $5 million in Federal Employees' Compensation Act (FECA) benefits in FY 1994 through the existing Periodic Roll Management project, and save an additional $4 million in FECA benefits in FY 1994 through the expansion of the project, contingent on funding.
- Accomplish personnel system reform by 12/31/94
- Accomplish procurement system reform by 12/31/94
- Reduce internal reports by 33% in FY 1994
- Reduce internal regulations in FY 1994 by 50%
- Reduce Advisory Committees and Independent Boards by one-third by 12/31/93
- Accomplish 90% of approved Reinvention initiatives such as automated time and attendance procedures, paperwork reduction, authority delegations, etc. by 9/30/94 to support front line DOL employees
- Accomplish all of the above while achieving staff reduction and savings goals in FY 1994 as directed by Executive Order

C. Better Information

- Begin Consumer Price Index (CPI) Revision
- Plan Economics Statistics Initiative in FY 1994
- Continue the Department's leadership role in improving the quality and accuracy of financial management information (including removal of qualifications from audited financial statements for FY 1994) and in the effort to expand the use of program performance measures; volunteer to serve as a pilot agency under the Government Performance and Results Act of 1993
- Expand the Women's Bureau's Clearinghouse mission to provide answers about workers' rights directly to working women
- Prepare First State of the American Workforce Report

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D. Increasing Ethnic and Gender Diversity in DOL

- Increase Hispanic representation at all levels
- Increase representation of women and minorities at GS/GM 13 and above and at other levels to the extent that under representation exists elsewhere in the agency.
- Increase representation of people with disabilities

E. Make DOL a High Performance Workplace

- Make DOL an acknowledged "Reinvention Model"
- Increase training for all DOL employees - to 1.5% of compensation costs; conduct reinvent training for all employees
- Provide each DOL agency in the field with standard computer linkage to the Department's administrative systems

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Section Five: ***Administration***

1. Delegations of Authority

OMB or Cong. Mandated?

- Relaxation of FTE personnel ceiling controls by the Office of Management and Budget

- Maximum flexibility and support from the Office of Management and Budget for reprogramming funds

2. Change of Circumstances

It is understood and agreed that these performance goals can be modified in response to changes in circumstances and priorities.

3. Subsequent Agreements by the Secretary with Assistant Secretaries

The goals and priorities enumerated above will form the basis and focus of subsequent agreements between the Secretary, the Assistant Secretaries, the Commissioner of Labor Statistics, and other agency heads.

4. Monitoring and Reporting

The Secretary of Labor shall report to the President semi-annually on May 1st and November 1st regarding the accomplishments against the goals enumerated in section four.

William Jefferson Clinton
President

Robert B. Reich
Secretary of Labor

Dated:________________

More explicit mention of Consolodation of Training Programs

NATIONAL PERFORMANCE REVIEW
Al Gore, Vice President

National Performance Review
750 17th Street
Box 101
Washington, DC 20006

November 3, 1993

To: Elaine Kamarck

From: Pamela Johnson

Subject: Secretary of Labor Performance Agreement

Based on comments received to date, the following issues have been raised with respect to the Secretary of Labor's draft performance agreement. We understand that additional policy issues may be raised at the review meeting at 11:15 tomorrow.

- FOCUS ON SIGNIFICANT OBJECTIVES

The agreement puts forward four significant, multi-year goals:

First Jobs: Prepare all Americans for Good Jobs
New Jobs: Ease the Transition of American Workers from Job to Job
Better Jobs: Create High Performance American Workplaces
Reinvent the Department of Labor to Help Create First, New, Better Jobs

These are ambitious goals that describe a vision of a pro-active Department of Labor. They also beg the question of how progress toward goals will be measured (see below).

- MEASURE PROGRESS

Under the four major goals, there are 50 specific measures that reflect detailed Dept. of Labor plans for FY 1994. While most of the measures are input and process measures, the agreement describes plans to increase the department's capacity to measure outcomes: a Government Performance and Results Act pilot; completion of customer surveys for all major programs; and preparation of a report on the State of the American Workforce. With this additional attention to outcome measurement, future agreements should be able to measure progress toward departmental goals more effectively and with indicators that are more appropriately Presidential.

- OBTAIN EMPLOYEE AND CUSTOMER BUY-IN

The Secretary plans to distribute the signed document to every Department of Labor employee and use it as the foundation for working performance contracts with his executive staff. To be effective in FY 1994, the agreement should be signed in the near future.

- KEEP IT DYNAMIC

The agreement is for a one year term. There is a provision for semi-annual reporting with the first report due on May 1, 1994. As discussed in the October 21st meeting with the Vice President, interaction would need to be much more frequent for optimal effectiveness.

- SUPPORT ADMINISTRATION POLICY

The objectives and measures are supportive of REGO recommendations and initiatives with the exception of the plan to increase OSHA inspections (page 6).

- FORMAT

Although we have not specified a standard format for performance agreements, this agreement differs substantially from the others developed to date by the inclusion of an expanded problem statement. Perhaps this analytic section is more appropriately included in a transmittal letter rather than in the body of the agreement?

cc: Frank Reeder
Bob Stone
Carolyn Lukensmeyer