

# Office of Renewable Energy

## Personnel System Overview

### Agency Overview

The Office of Renewable Energy (ORE) is a newly created federal government entity charged with spearheading efforts to implement a nation-wide energy infrastructure based on wind, solar, geothermal, biomass and other renewable energy sources. Methods to achieve this mission include scientific study and evaluation, planning and construction, and financial leveraging. Headquartered in Washington, D.C., ORE will establish multiple branch offices to coordinate regional planning and construction work.

ORE will consist primarily of scientific, economic and professional personnel. This core group of employees will conduct community and region-wide planning, financial impact reports, and scientific feasibility studies, as well as interact with other government entities. Construction projects awarded to municipalities and states will be carried out by either that government's personnel or a private contractor. Few ORE employees will dedicate their time to actual construction or other physical labor.

In authorizing ORE's budget, Congress has insisted immediate measurable progress within the first few years. Given such urgency and the objectives of the agency, the radical and flexible personnel system necessary for program success is outlined below.

## **ORE Personnel System Objectives**

*Flexible classification and compensation structure.* As a new federal government agency, the direction and specific objectives of ORE will likely fluctuate as the agency matures. Instituting too rigid a classification and compensation structure will mean that ORE will not adequately respond to varying external factors. The high degree of collaboration with local and state governments, as well as with private interests, may shift work roles as intergovernmental policies develop. With such a diverse group of stakeholders, successful implementation depends largely on the ability of staff to adjust to their various needs (Pressman and Wildavsky, 1973). Additionally, the science and application of renewable energy technology is a relatively new field. Work requirements may alter as best practices are refined and old work rules revised.

*Performance-driven.* Due to the urgency with which Congress wants allocated money successfully spent, ORE's personnel system must focus on results. Salary and promotion will have a strong correlation with performance and skill development. However, internal factors such as attention to accurate performance measurement and the necessary interaction of workers with diverse job descriptions (e.g. Economists, engineers, and community planners working on the same project) may pose impediments to a results-oriented federal agency. Therefore, adequate training in performance measurement and skill development, as well as excellent employee relations are essential for such a performance-driven personnel system.

*A fulfilling and statutorily compliant workplace.* While flexibility and performance are key objectives, ORE does not shirk its statutory and constitutional responsibilities toward its employees. ORE will strive to be a diverse workforce that complies with Title VII of the Civil Rights Act, the Americans with Disabilities Act, and provides an equal employment opportunity for all applicants. ORE wants workers to feel secure that they are free from reprisal and political pressure, allowing

them to better focus on how to best serve the public. Therefore, after an 18 month probationary period, ORE extends to the employee a property right to their job and all the requirements of due process that accompanies it.

Because ORE seeks to radically change its classification, compensation and hiring practices from the majority of federal departments, ORE will need permission to be exempt from much the merit requirements outlined in Title 5 of the United States Code. ORE, then, will be joining a growing number of exempt agencies, including the United States Postal Service, the Internal Revenue Service and the newly formed Department of Homeland Security.

## **Classification and Compensation**

Federal, state and local governments have operated personnel classification systems under a rigid hierarchy of narrowly defined job descriptions (Naff 2002 and Shafritz et. al, 2001). For the federal government, this system is embodied by the General Schedule (GS). There is a growing consensus that this system is broken beyond repair and should be replaced with something entirely different (Risher 2005).

While there are many reasons for this, two are particularly glaring. First, employees “receive more pay increases for remaining on the rolls than for meeting or exceeding job expectations” (Risher 2002, p. 317). By getting a step increase on a regular basis, employees only have to do the minimum to keep their job and move up in pay status. Second, the GS system's narrow classifications make it both difficult to hire a candidate who may need to conduct a wide variety of duties not specified in the particular job description; and promote an individual worker based on the acquirement of skills and demonstration of excellent performance (Naff 2002).

The Office of Renewable Energy will not employ the GS system, but instead institute a broad-

band classification system. Hailed by a growing number of advocates as a viable alternative to narrow classification, broad-banding increases manager discretion with regard to hiring and promoting, and lays the groundwork to use compensation as motivation for increased performance (for examples see Kim 2002, Naff 2002, Risher 2002).

The classification of ORE will consist of 4 groups of job families, with each family containing 2 to 4 pay bands. Table 1 provides an overall description of the job families, pay bands and relative compensation amounts in each band. Notice that compensation within the same band between families varies. This reflects the skill set and education requirements for each job family. For example, an entry level clerical employee will make less than an entry level engineer, even though they occupy the same pay band. This is because education requirements of an engineer are greater and their skills more difficult to obtain, than that of a clerical staff member. In addition, only those employees within the Professional/Analytical family can receive executive level pay. Individuals within the Scientific or Economic families would have to transfer over to Professional to receive additional promotions.

While all employees will receive an annual cost of living adjustment, repeated levels of high performance combined with the acquisition of novel skills will provide the rationale for relative raises in base pay. These criteria will be evaluated in an annual performance review (see below). On a limited basis, promotions between pay bands may be awarded for outstanding employees through requests made to the ORE Human Resource Department. However, such promotion should be used judiciously to minimize favoritism and to ensure that other favorable candidates are given due consideration.

Broad-banding within ORE solves multiple problems faced by the outdated GS system. First, broad-banding finally motivates an employee to excel in their duties and not just get by. Second, by

grouping multiple job descriptions into broad job families, managers do not have to fit a job applicant into a narrow classification that might be quickly outgrown. Lastly, employees do not need to reapply for another position to receive a significant pay increase or promotion, they need simply to demonstrate quality work and an improved skill set.

## **Hiring and Recruitment**

ORE desires to hire and retain top-notch employees. While gearing a job classification structure to reward high-performing individuals is a good step, ORE needs to ensure that it recruits from a wide range of applicants and wastes little time in selecting the most appropriate candidate. Many federal agencies and some municipalities like San Francisco take extraordinary lengths of time from when a job position is announced to when the position is filled (San Francisco, Dept. Human Resources 2005). Reasons for this delay are the time spent administering examinations and well as evaluating and ranking applications. Hiring managers from federal agencies not exempt from Title 5 must often select from the top three ranked applicants (Woodard, 2005). Such ranking limits managerial flexibility and may exclude some applicants who may be able to demonstrate qualifications through a face-to-face interview.

While still merit-based in concept, hiring practices of ORE will shorten and simplify the process. Job announcements will contain requirements outlining the minimum qualifications. All applications will be sent to ORE's HR Department, where candidates not meeting the minimum standards are screened out. The remaining qualified applicants are forwarded to the hiring manager unranked. The hiring manager then has the discretion to hire the best suited candidate and offer that individual a salary within the particular pay band. Salary suggestions from HR are provided for guidance. This process shortens selection time and gives managers the flexibility to hire the

appropriate people to achieve work unit performance targets.

Recruitment efforts will transcend the traditional posting on the agency and Office of Personnel Management websites. Announcements will be sent to national professional organizations in economics, solar energy, sustainable community planning (e.g. The American Solar Energy Society). As branch offices come online, ORE will also send active recruiters to local university job fairs to attract local developing talent. And because it is unlikely for federal pay to equal private industry market rates, many entry-level job openings will be structured to provide significant promotions within the first few years of employment—also known as “career-ladder positions”. For example, a scientist position may be offered initially in the “entry-level” pay band, but the position is structured to move the incumbent to the middle range of the “journey-level” pay band within a short time-frame; provided that minimum performance standards are met. In this fashion, ORE can offer recent college graduates a quicker path to promotion than available in private sector work.

## **Performance Appraisal**

If performance drives the personnel system of ORE, then its measurement demands significant accuracy. Many managers dislike evaluating their subordinates and, due to the personal nature of work relationships, most tend to give very few a poor evaluations (Zeller, 2003). This leads to artificial inflation of performance levels, and makes employees feel that the process is unfair and a waste of time (Shafritz et. al 2001, p. 270-271).

ORE will implement a 360° evaluation process. Shortly after hiring, a manager and subordinate will come to an agreement of performance benchmarks and targeted skills to develop. The manager will strive to provide appropriate training opportunities to reach development goals. An employees performance will be rated by themselves, the supervisor, peers, and customers (where

applicable). Each individual will rate the employee for each performance benchmark on a scale from 1 to 5. All groups will evaluate the individual based on the agreed upon benchmarks and skill development goals. The supervisor will then summarize the results of all evaluations and provide the findings to the employee. While the employee may choose to view ratings and comments done by peers, it is discouraged so as to allow employees to feel that they can honestly evaluate the work of their colleagues without fear of damaging personal relationships. Early evaluations of the 360° performance appraisal seem favorable for the promotion of a diverse work environment. Women and minorities rate the system as “fair and effective” to a higher degree than other employees (Shafritz et. al, 200,1 p. 297).

To protect against “grade inflation”, performance appraisals will be ranked against each other (Zeller, 2003). Consistently high performance indicators relative to peers and, demonstrable personal improvement will result in pay increases and promotions. In order to ensure proper evaluation all personnel receive mandatory training in performance appraisal. Supervisors must take employee motivation, and performance appraisal classes within their first year of hire; refresher courses are mandated on a bi-annual basis.

## **Employee Relations**

The ORE personnel system attempts to provide workers with a safe and productive environment that promotes strong working relationships. To achieve this objective, ORE will feature an ombudsperson office and have trained managers to deal with poor performing employees.

Operating outside the job family hierarchy and reporting to the ORE director, the ombuds office will carry out the following duties: 1) provide an alternative to the formal grievance process to resolve work-related issues such as supervisor conflict, EEO complaints, and sexual harassment

allegations; 2) mediation between individuals harboring disputes if both sides consent to the process; and 3) informally gather feedback from employees on a variety of agency policies to report back to the executive management of ORE. While the formal grievance process will still be available to employees, utilization the ombuds office to resolve disputes in the early stages of development will likely keep court costs and sexual harassment complaints to a minimum (Wilburn 1998). Having a confidential feedback system for employees will also help to make work procedures more effective and efficient.

As mentioned previously, supervisors must undergo significant training upon first hire and then have a refresher course every two years. Part of that training describes the proper procedures for dealing with under-performing employees. Workers that clearly operate below optimum levels cannot be tolerated for long periods of time if ORE is be a performance-oriented organization. And because ORE extends a property right to employment, all constitutional due process procedures must be followed. The training, then, is to educate managers how best to deal with poor employees, and to empower managers to not be intimidated by due process, but to use it as a tool to improve the performance of the employee if possible, or terminate the employee if necessary.

## **Labor Relations**

A newly created agency pressured by Congress and the President to quickly produce results, ORE must remain as flexible as possible—including its relationship to organized labor. Unionization rates throughout the United States has been steadily falling for the past several decades (Shafritz et. al 2001, p. 489). White-collar professionals such as planners, engineers and, economists are not prone to organization efforts; therefore, ORE does not envision significant or passionate bargaining between labor and management. When bargaining does occur, though, the desire to remain flexible

to the evolving needs of the new agency remain paramount and ORE will negotiate from a position of strength.

Though the federal government has taken sporadic steps toward a more collaborative partnership with labor (p. 487-488), careful applications of traditional bargaining methods will serve ORE best. As the agency grows and branch offices gain experience coordinating implementation of renewable energy in their assigned areas, executive management can then bargain with unions to discover best practices. In the short term, ORE will focus on accommodating employees on an individual basis through compensation and promotion to stay focused on performance objectives. Over the long term, ORE will expand the focus to include employee perspectives at the macro level.

## **Conclusion**

Implementing the personnel system outlined above will enable the Office of Renewable Energy to quickly grow from an infant agency into a responsive and successful federal bureaucracy actively improving the lives of United States residents. A flexible classification and compensation structure driven by flexibility and performance, combined with an emphasis in managerial training and improved employee feedback through the ombudsperson office, will keep ORE focused on objectives.

Such a system will require Congressional approval to be a Title 5-exempt agency able to setup work rules independently. Yet, this does not mean ORE will not strive to be an employer its workers can be proud of. Efforts will be made to recruit in local areas surrounding branch offices, all applicants will have equal opportunity for hire, sexual harassment will not go unpunished, and all reasonable accommodations will be made for employees with disabilities. Well-trained managers given appropriate discretion within their work units will empower employees to achieve their

potential; knowing that improving performance will not only bring personal satisfaction, but real prospects for career advancement.

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