REPORT TO CONGRESS ON THE HUMAN RESOURCES LINE OF BUSINESS

June 25, 2008

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1. Overview

This report addresses Section 747 of Division D of the Consolidated Appropriations Act, 2008, which requires the Director of the Office of Management and Budget (OMB) to submit to the Committees on Appropriations of the House of Representatives and the Senate a report on the Human Resources Lines of Business (HR LOB) initiative which is led by an interagency group composed of 24 federal agencies and managed by the Office of Personnel Management (OPM). This report satisfies the provision and specifically provides the background and history of the HR LOB initiative and addresses the role of public-private competition, the expected impact on federal employment levels, expected savings, expected transition costs, and guidance for evaluating the benefits of the HR LOB initiative.

All information included in this report appears as provided by the various respondent agencies and the HR LOB program management office at OPM.

Table 1 aligns Section 747 reporting requirements to the location of the answers in this report:

Division D, Section 747 – Financial Services and General Government	Response Location
Sec. 747 (d) (1) - The role, if any, that public-private competitions under Circular A-76 or direct conversions to contractor performance are expected to play as part of the Human Resources Lines of Business initiative.	Section 3. Role of Public-Private Competition
Sec. 747 (d) (2) - The expected impact, if any, of the initiative on employment levels at the Federal agencies involved or across the Federal Government as a whole.	Section 4. Impact of HR LOB on Federal Employments Levels
Sec. 747 (d) (3) - An estimate of the annual and recurring savings the initiative is expected to generate and a description of the methodology used to derive that estimate.	Section 5. Estimated Savings and Savings Methodology
Sec. 747 (d) (4) - An estimate of the total transition costs attributable to the initiative.	Section 6. Estimated Transition Costs
Sec. 747 (d) (5) - Guidance for use by agencies in evaluating the benefits of the initiative and in developing alternative strategies should expected benefits fail to materialize	Section 7. Guidance in Evaluating the Benefits of HR LOB

Table 1 – Section 747 Request Response Mapping

2. Background

Historically, individual Federal agencies have invested significant time and money to build human resources (HR) management computer information technology (IT) systems, with little consideration given to government-wide integration. As a result, the government market became fragmented, with many highly customized systems at individual agencies. This ultimately hindered the government's ability to gain economies of scale when purchasing HR IT systems.

The HR Line of Business (HR LOB) common solution presented the opportunity for the Federal government to rethink its approach to HR IT systems. The HR LOB solution has significantly and permanently improved the delivery of Federal HR services while addressing many pressing issues facing the Federal government's HR community, including:

- redundant and duplicative systems investment and operations;
- disjointed and non-interoperable systems and data;
- lack of integration between all aspects of HR services; and
- inability to accurately measure HR service delivery performance.

SBA Comments on HR LOB Benefits

While it makes sense for the Small Business Administration (SBA) to maintain control of some HR practices, it also makes sense that other HR practices - those that are transactional in nature and not clearly linked to SBA's mission - be taken out of the agency domain. This frees up SBA resources to do the more valuable, strategic work of HR. This allows us to preserve some HR functions at SBA - where it makes sense - and move other HR functions to Shared Service Providers. The HR LOB initiative supports all three principles that guide the President's Management Agenda.

- It is citizen-centered. It frees up SBA HR personnel to do the more valuable, strategic work of building a workforce that includes more employees in customer service delivery modes and cultivates a citizen-centric culture.
- It is results-oriented. It identifies outcomes and establishes performance measures and a continuous tracking process to ensure desired results are achieved. Where they are not achieved, corrective actions are taken.
- It is market-based. Shared Service Centers encourage competition among Federal and private sector providers and maximizes private sector involvement. This should in turn improve quality, efficiency and customer satisfaction.

We wholeheartedly support, endorse and plan to implement HR LOB solutions at SBA. The economies of scale gained through Shared Service Centers will maximize our HR performance, reduce cycle time and improve cost efficiencies.

2.1 Origins

Prior to the genesis of the HR LOB initiative, Federal agencies usually acquired, developed, and maintained their own IT systems for managing personnel/HR systems. These systems existed in stove-piped environments, rarely leveraging proven practices across Federal agencies or sharing common solutions. Frequently, this approach led to failures in project planning, often leading to cost and schedule overruns during the building of the HR IT systems. It became evident that this approach was not ideal in implementing efficient and effective HR IT systems at agencies.

2.1.1 Early HR IT Implementation Challenges

In July 2000 the United States General Accounting Office (GAO) issued a report entitled "Information Technology: Selected Agencies' Use of Commercial Off-the-Shelf Software for Human Resources Management."[1] In the report, GAO documented several examples

[1] GAO Report, *Information Technology: Selected Agencies' Use of Commercial Off-the-Shelf Software for Human Resources Functions*, AIMD-00-270, July 31, 2000. http://www.gao.gov/archive/2000/ai00270.pdf

of unanticipated challenges faced by agencies when acquiring new HR technology to replace legacy systems:

Department of Defense

In the mid-1990's, DOD sought to create a single integrated personnel system to offer HR services such as payroll, servicing 800,000 employees once fully deployed. The new DOD personnel system was originally expected to be deployed across 25 regional and centralized servicing sites by September 1999. However, this estimate changed to March 2001 due to the need for additional testing and a subsequent "delay in internal DOD committee approval". The estimated cost grew by $248 million to about $1.3 billion, due to developmental delays and vendor revisions to the HR products.

Department of Labor

The U.S. Department of Labor (DOL) ran into similar issues of schedule slippage and cost overruns. In 1998, DOL invested in a single new, integrated HR/payroll system to replace multiple existing systems and reduce the number of employees using paper-based processes. Vendor work on the new HR/payroll system began in early 1998 with an estimated deployment date of 2001, but ended up being delayed a full year.

In addition, initial cost estimates of $26.5 million over 5-years rose to $71 million because, according to Labor, it had not initially accounted for operating costs after system deployment and had significantly underestimated implementation costs, including database, hardware, and end-user equipment needs. Further adding to the increase, according to the department, was the lack maturity of the vendor's HR application and higher than expected staff billing charge rates.

Department of Veteran Affairs

In the mid 1990's, VA decided to replace its 30 year old legacy system by building a new system that would incorporate HR and payroll systems.

System development began in 1994 with a planned deployment date of September 2001—2 years later than originally anticipated. VA attributed the delay to union negotiations, cultural change, unforeseen development needs, and testing. The total estimated cost rose from $170 million to $417 million. This rise, according to VA, was due to inflation and cost overruns stemming from unanticipated expenditures for extended development time frames, software maintenance for an added 2 years, additional shared service center equipment, additional marketing and contractor services, upgrades to primary vendor software, and regulatory changes to self-service functionality.

General Services Administration

In 1996, GSA began planning its new, integrated HR/payroll system, referred to as the Comprehensive Human Resources Integrated System (CHRIS), to replace its legacy system. At the time of the GAO report, the system was experiencing an 8-month delay from original estimates. System cost was estimated at $34 million.

Today, GSA's fiscal year (FY) 2008 CHRIS expenditures are $5.6 million or $226 for each of the 25,000 employees receiving service.

2.1.2 HR LOB IT Solution

In the spring of 2004, the Office of Management and Budget (OMB) convened a taskforce, comprised of representatives from 24 major departments and agencies, to analyze opportunities for implementing shared IT systems in five lines of business (case management, federal health architecture, financial management, grants management, human resources management). While considering multiple lines of business opportunities in a variety of functional areas, the taskforce analyzed the potential benefit for agencies in migrating from legacy systems and practices to a common or shared HR solution. Through a consensus agreement, the taskforce recommended that agencies no longer be able to develop their own HR IT management systems, but instead should migrate to a shared efficient, cost-effective, and performance-driven IT system.

As part of the taskforce efforts, the Office of Personnel Management (OPM) was selected to be the managing partner of the HR LOB initiative due to the initiative's alignment with OPM's core mission, as well as the agency's prior experience managing five other E-Government initiatives – E-Training, Recruitment One-Stop, Enterprise HR Integration (EHRI), E-Clearance, and E-Payroll. OPM established the Office of the Human Resources Line of Business to provide support in the areas of HR strategy, policy, planning, and oversight.

As their first order of business, the HR LOB program management office (PMO) and the taskforce worked together to build upon taskforce findings. They developed a request for information (RFI) and created an Evaluation Workgroup, comprised of 14 representatives from nine agencies – Department of Homeland Security (DHS), DOD, Department of the Interior (DOI), Department of Justice (DOJ), General Services Administration (GSA), OMB, OPM, National Science Foundation (NSF), and VA. The Workgroup analyzed 43 responses to the RFI from the private sector, academia, citizens, and federal, state and local governments to develop a recommendation for the common solution and its implementation[2]. The group recommended agency transition (or "migration") to a pre-qualified Shared Service Center (SSC) which would meet the agency's needs, provide improved service, and lower risk. Consistent with IT system best-practices, agencies would be asked to migrate when their current system reached the end of its lifecycle.

The HR LOB taskforce determined that the delivery of HR services through SSCs would drive standardization of HR business functions and processes, allowing Federal departments and agencies to manage HR more effectively, and providing managers and executives across the Federal government improved means to meet strategic objectives. Through improved/efficient HR IT systems, government officials would be able to focus more of their energy on their agency's mission and less on information technology. The collaborative effort of the taskforce also defined the HR LOB vision, goals, target architecture, and supporting business case that OPM continues to evolve and improve.[3]

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[2] The taskforce formally solicited ideas through publishing an RFI on FedBizOps.gov to provide private sector, academia, citizens, and federal, state and local governments with a vehicle to describe solutions and implementation approaches for achieving the goals of three lines of business through the development of common solutions and target architecture. The RFI was intended to enable the LOB agency managing partners to incorporate strategies, alternatives, and experiences, representing industry best practices in developing and implementing transformational common solutions.

[3] Background information is as noted in the HR LOB documents posted on the OPM website at http://www.opm.gov/egov/documents/.

2.2 Customers/Stakeholders

HR LOB impacts a very broad audience across the Federal government. .The following table lists many of the initiative's customers and stakeholders:

Customers	Stakeholders
• Executive Branch agencies and organizations serviced by the HR LOB service providers covering approximately 1.8 million civilian employees (including DOD); • Federal employees; • Chief Financial Officers (Departmental and those within departments); • Chief Information Officers; • Chief Acquisition Officers; • Chief Human Capital Officers; • HR management personnel; • HR Specialists; • Procurement officers; • Resource managers; • Program managers; • Administrative officers; and • Vendors.	• Executive Branch agencies; • Congress; • Citizens; • OMB; • OPM; • Partner Agencies including: o Department of Agriculture (USDA); o Department of Commerce (DOC); o DOD; o Department of Education; o Department of Energy (DOE); o Department of Health and Human Services (HHS); o DHS; o Department of Housing and Urban Development (HUD); o DOI; o DOJ; o DOL; o Department of State; o US Agency for International Development (USAID); o Department of Transportation (DOT); o Department of Treasury; o VA; o Environmental Protection Agency (EPA); o GSA; o National Aeronautics and Space Administration (NASA); o NSF; o Social Security Administration (SSA); and o Intelligence Community • Councils: o Budget Officers Advisory Council (BOAC); o Chief Human Capital Officer Council (CHCOC); o Chief Information Officer Council (CIOC); o Chief Financial Officer Council (CFOC); o Customer Council; o Federal Acquisition Council; o President's Management Council (PMC); o Shared Service Center Advisory Council; and o Small Agency Council.

Table 2 – HR LOB Customers/Stakeholders

2.3 Governance

Successful implementation of the HR LOB common solution is highly dependent upon an effective HR LOB governance structure. Strong executive leadership from OMB, OPM, and the HR LOB Program Executive are critical components of the HR LOB.

The HR LOB governance structure is comprised of varying levels of checks and balances of advisory boards, committees, and councils. The Multi Agency Executive

Strategy Committee (MAESC) is the primary governance body of the HR LOB, and provides advice and oversight to the initiative. The Chief Human Capital Officers Council Subcommittee on the HR LOB and the Requirements Board also provide strategic advice to the HR LOB.

Human Resources Line of Business
Governance

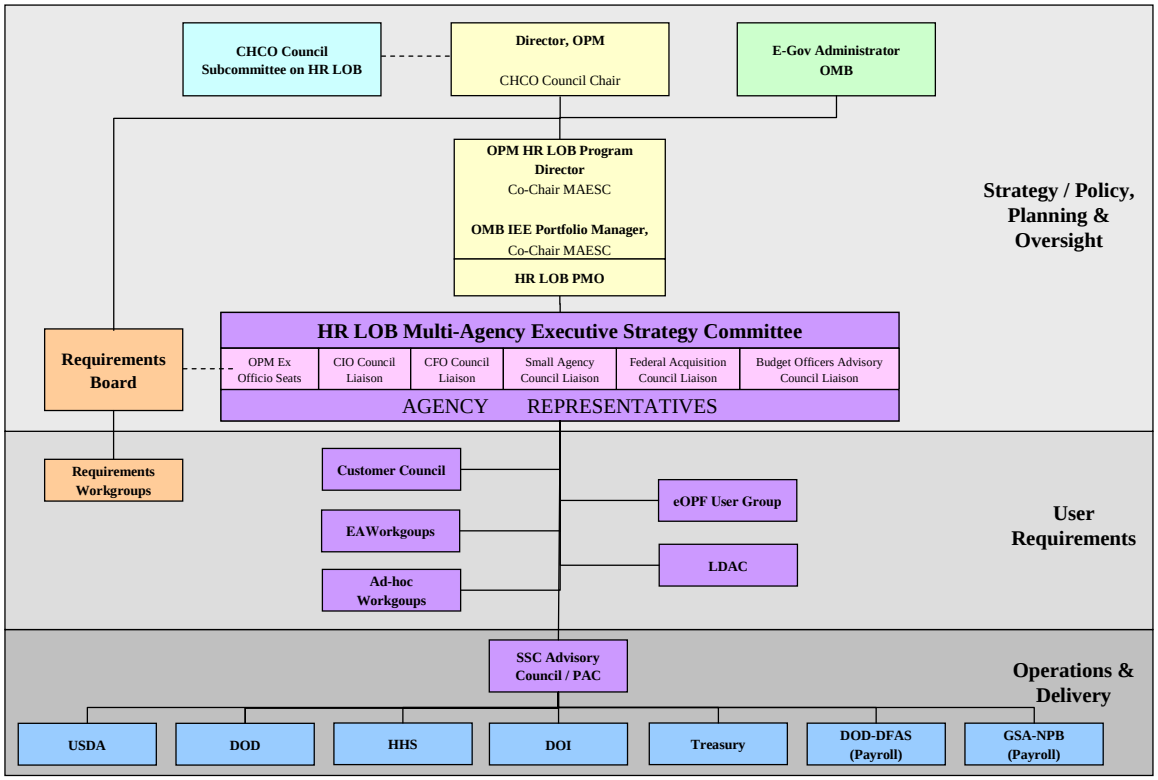

Figure 1 – HR LOB Governance

<u>The Multi Agency Executive Strategy Committee</u>

The MAESC, co-chaired by OPM and OMB, is comprised of 24 executive member agencies, and serves as the primary advisory body for HR LOB. The MAESC provides strategic direction to the HR LOB and is co-chaired by the OPM HR LOB Program Director and the OMB Internal Efficiency and Effectiveness (IEE) Portfolio Manager. The MAESC ultimately reports to OMB and the OPM Director, who chairs the Chief Human Capital Officers' Council. MAESC responsibilities include:

- assisting in the development of policies and procedures for HR management solutions;
- reviewing standard HR business processes and the common solution target architecture;
- managing technology and business process requirements;
- ensuring fair competition among service providers;
- supporting the process by which customer agencies select service providers;
- reviewing operation of the SSCs to ensure the HR IT systems meet agency needs; and

- ensuring implementation of flexible, extensible, portable, and open standards within the SSCs.

The Chief Human Capital Officers Council Subcommittee
The CHCOC Subcommittee on the HR LOB supports governmentwide efforts to transform the delivery of HR IT services within the Federal Government, so that agencies can devote more of their time and efforts to the strategic management of human capital. This subcommittee, as part of the governance structure of the OPM HR LOB Program, is focused on ensuring this transformation is implemented successfully across the government.

The Requirements Board
The Requirements Board led by OPM's Strategic Human Resources Policy (SHRP) division oversees and approves the policy requirements for HR LOB SSCs.

Other HR LOB Governance Bodies
In addition to the MAESC, Requirements Board, and CHCOC Subcommittee on the HR LOB, there are several functional advisory sub-committees that provide subject matter expertise on user requirements for the various HR LOB sub-functions. The advisory sub-committees under the MAESC include:

- Shared Service Center Advisory Council;
- Customer Council;
- Electronic Official Personnel Folders (eOPF) User Group and other various ad-hoc workgroups;
- Learning and Development Advisory Council; and
- Enterprise Architecture (EA) working groups for the HR LOB EA models.

More information on the HR LOB governance structure is available at http://www.opm.gov/egov/HR_LOB/governance/.

2.4 Services

Based on the plans developed and agreed upon by the interagency taskforce, the HR LOB common solution delivers HR services that relate to HR IT systems and payroll operations. The HR IT services are delivered using a shared service center model based on a common, reusable architecture.

The HR LOB Common Solution
The HR LOB common solution allows agencies to follow a market-driven approach where service providers competing for government business are empowered to provide high service quality and innovative cost-efficient solutions.

The HR LOB common solution takes a phased approach to delivering HR services through SSCs that are:

- based on a common, reusable architecture that leverage ready-to-use architecture concepts;
- processing centers that deliver a broad array of back-office services to multiple agencies;
- efficient and effective work environments that leverage economies of scale in delivering administrative functions to dramatically reduce costs, streamline

process and response times, and increase the quality and consistency of services provided.

SSCs are required to comply with the architectures and standards that have been endorsed by the MAESC. They are expected to be innovative in improving and expanding their services to build customer satisfaction and confidence.

To minimize the risk and costs associated with the development of custom interfaces and integration activities, agencies can access additional HR functionality through "bolt-on" providers, via the selected SSC. Bolt-on providers offer IT systems (and support) for a specific HR activity and are interfaced with the SSC in order to augment the capabilities of the services offered to agencies. "Bolt-on" refers to an established solution that will be used to deliver a specific service or set of services by an SSC. This includes other existing services that can be used to extend the range of SSC offerings. These solutions may or may not be physically located in a particular SSC. The SSCs draw upon existing government service providers, Commercial and Government off-the-shelf (COTS/GOTS) functionality, E-government initiatives (e.g., E-Payroll, Recruitment One-Stop, E-Clearance, EHRI, and E-Training), and other "bolt-ons" as necessary to meet agency business needs.

HR LOB Shared Service Centers – Public and Private Sector Providers

In an August 2005 OPM Press Release, the OPM Director announced the selection of five public sector SSCs[4]:

- Department of Agriculture (National Finance Center & partnered with Animal and Plant Health Inspection Service);
- Department of Defense (Civilian Personnel Management Service);
- Department of Health and Human Services (Program Support Center);
- Department of the Interior (National Business Center); and
- Department of the Treasury (HR Connect & partnered with Bureau of Public Debt).

The selection process for these Federal agency SSCs had two phases. First, as part of the FY 2006 budget process, OMB instructed agencies that wanted to be SSCs for the HR LOB to apply by submitting SSC business cases. Five agencies, the Departments of Agriculture (through its National Finance Center), Defense, Health and Human Services, Interior (through its National Business Center), and Treasury applied. OMB pre-screened the candidates from a budget perspective, and determined all five SSC candidates should be reviewed further through a SSC selection process.

In the second phase, the HR LOB conducted a rigorous qualification and selection process with the assistance of employees from 11 federal agencies participating in the HR LOB taskforce. The HR LOB established two bodies: a Shared Service Center Technical Panel (SSCTP) and a Shared Service Center Advisory Board (SSCAB). The SSCTP was responsible for evaluating the technical merits of the candidate agencies (i.e. the strengths, weaknesses, and risks of each candidate SSC), and the SSCAB was responsible for evaluating the comparative strengths of the candidates and making a

[4] OPM Memorandum, "OPM Announces Agencies Selected to Be Shared Service Center Providers as Part of the HR Line of Business," August 23, 2005. http://www.opm.gov/egov/news_info/opmnewsreleases/

recommendation to the Selection Authority, the OPM Director. In August 2005, the OPM Director presented the selection of all five candidate agencies.[5]

All of the public sector SSCs were determined to have the capability to meet the HR LOB concept of operations and, at a minimum, to deliver the mandatory SSC requirements. Differences do exist, however, in areas including SSC technologies, service delivery models, and schedule for customer migrations. The public sector SSC service offering summary information is provided below:

Public Sector HR LOB SSC	System Base	Payroll Provider	HR Staff Support Services (Non-HRIT)	%/# of Federal Employees Supported by SSC
USDA NFC	Payroll/Personnel System (PPS) and stand alone HR (EmpowHR) and T&A (Web Star)	NFC	Partnered with Animal and Plant Health Inspection Service (APHIS)	23% or 419,000 FTE
DOD	Defense Civilian Personnel Data System (DCPDS) with Payroll interface	Interface to DFAS	Aligned to DOD Regional Service Centers	36% or 672,000 FTE
HHS	CapitalHR	Interface to DFAS	HHS SSC Resources	4% or 75,000 FTE
DOI NBC	Federal Personnel and Payroll System (FPPS) and QuickTime (T&A)	NBC	NBC SSC Resources	12% or 221,000 FTE
Treasury	HR Connect	Interface to NFC	Partnered with Bureau of Public Debt (BPD)	7% or 125,000 FTE

Table 3 – Public Sector SSC Service Offerings

In December 2007 and January 2008, the HR LOB selected four private sector providers under GSA's Multiple Award Schedule Program (MAS). Private sector SSCs were vetted and approved in much the same process that was used for selection of the federal SSCs, ensuring their conformance to the government-wide uniform business process. The result was four pre-qualified private sector HR IT system solutions, including:

- Accenture;
- Allied Technology Group;
- Carahsoft Technology; and
- International Business Machines (IBM).

The Technical Evaluation Panel (TEP) for the selection of the private sector shared services centers was comprised of membership from the following agencies: NSF, GSA, VA, DOE, SSA, the Office of Federal Housing Enterprise Oversight, and EPA. Several of these agencies were also members of the TEP that selected the Federal shared service centers.

[5] Ibid.

The private sector TEP was involved during all phases of the acquisition. The TEP:

- reviewed and commented on the draft solicitation;
- developed test scripts and data for Operational Capability Demonstrations;
- performed an initial review of proposals to determine down selected offerors;
- performed an in-depth review of the remaining proposals and developed requests for additional information;
- attended and evaluated functional and technical Operational Capability Demonstrations; and
- made recommendations to the contracting officer those offerors to be awarded to the MAS.

Accenture offers all of the SSC functions. Allied, Carahsoft, and IBM offer functions for Personnel Action Processing and Benefits Management services, as well as other SSC functions. Allied, Carahsoft, and IBM are not approved at this time to deliver payroll operations.

Differences exist among the private sector SSC solutions in areas including SSC technologies, service delivery models, and schedule for customer migrations. The private sector SSC service offering summary information is provided below:

Private Sector HR LOB SSC	System Base	Payroll Provider	HR Staff Support Services (Non-HRIT)	High Profile Client Examples
Accenture	Oracle/PeopleSoft Human Resource Management System (HRMS) and ADP	ADP or Interface to Government e-Payroll Providers	Accenture, Catapult Technology, EconSys, GRA, HumRRO, Serco and COE	British Telecommunications, Best Buy, Unilever
Allied	Avue ADS Platform including GRB's EBIS	Interface to Government e-Payroll Providers	Allied Technologies, SRA	USDA, NASA, DOJ
Carahsoft	Avue ADS Platform including GRB's EBIS	Interface to Government e-Payroll Providers	Carahsoft Technology, SRA	USDA, NASA, DOJ
IBM	Oracle/PeopleSoft Human Resource Management System (HRMS)	Interface to Government e-Payroll Providers	IBM, A+ Technologies, Cognos, DLT Solutions, DAI, FPMI, KAA, Monster, Plateau, and Taleo	Cigna, Pfizer

Table 4 – Private Sector SSC Service Offerings

2.5 Accomplishments to Date

The following table lists the major HR LOB deliverables and their completion date and completion status.

Deliverable	Completion Date	Complete
Management of HR LOB agency migrations	Ongoing	
HR Benchmarking Study	September 2009	
Develop the HR LOB certification framework	June 2009	
Separation Management Concept of Operations	September 2008	
Payroll Benchmarking Study	June 2008	
HR LOB Migration Planning Guidance version 2	June 2008	
HR LOB Technical Model version 2	June 2008	
HR LOB Federal Case Studies	February 2008	✓
HR LOB Technical Model version 1	January 2008	✓
Establish a schedule of Private Sector Shared Service Centers (SSCs)	December 2007	✓
HR LOB Migration Planning Guidance version 1	December 2007	✓
HR LOB — A collection of practices for Human Resources shared services and service delivery	September 2007	✓
HR LOB Service Component Model (SCM) version 2	September 2007	✓
HR LOB Target Requirements version 3	September 2007	✓
Entrance on Duty Concept of Operations	January 2007	✓
HR LOB Service Component Model (SCM) version 1	October 2006	✓
HR LOB Target Requirements for SSCs version 2	September 2006	✓
HR LOB Performance Model (PM) version 1	June 2006	✓
HR LOB Data Model (DM) version 1	February 2006	✓
HR LOB Business Reference Model (BRM) version 2	January 2006	✓
HR LOB Target Requirements for SSCs version 1	November 2005	✓
Establish a schedule of Federal Shared Service Centers (SSCs)	August 2005	✓
HR LOB Business Reference Model (BRM) version 1	December 2004	✓

Figure 2 – Major HR LOB Deliverables

Please note that documents related to the HR LOB are posted on the OPM website at http://www.opm.gov/egov/documents/.

3. Role of Public-Private Competition

The HR LOB vision is to provide agencies improved systems with reduced risk at lower cost. To achieve this vision, HR LOB is implementing a common IT solution that leverages best practices, documents migration strategies and creates key interfaces to develop common business processes and system solutions in the HR Line of Business area. The HR LOB common solution is a market driven approach where service providers competing for government business are driven to provide the most innovative and cost efficient IT solutions. Multiple shared service centers have been established to leverage economies of scale, reduce costs, and increase the quality and consistency of service provided. The selection process initially focused on the Federal service centers, later adding private sector competition.

Agency SSC Selection Process: Public-Private Competitions

To assist agencies in the upgrade or replacement of their agency's HR IT systems, the CHCO Council and OMB released the "Competition Framework for Human Resources Management Line of Business Migrations" memorandum in May 2007[6]. This framework guidance was based on policy developed by the HR LOB inter-agency taskforce in 2004, regarding assisting agencies as they move to a SSC, in addition to policy established in OMB Circular A-76[7].

The Competition Framework memorandum states that agencies preparing to modernize HR IT systems should:

- consider both public and private SSCs with demonstrated capabilities;
- conduct competition between SSCs in an impartial, structured, and transparent manner; and
- hold the selected SSC accountable to planned results through an appropriate implementation structure.

To assist agencies in selecting an SSC through public-private competition, the HR LOB developed the Migration Planning Guidance (MPG) document. For more information on the MPG, see Section 7 and the Appendix.

The Competition Framework creates a strong preference for migrations through public-private competition. The framework explains that public-private competition facilitates informed decision-making by customer agencies through the comparison of various solutions offered by SSCs and private sector providers.

Requirements for Migrations Conducted Using Public-Private Competition

Migrations involving more than 10 full-time equivalent workers (FTE) must be conducted in accordance with OMB Circular A-76 and applicable laws, which include the requirements of section 739 of Division D of P.L. 110-161, and section 43 of the Office of Federal Procurement Policy Act, as added by section 327 of the FY 2008 National Defense Authorization Act.

[6] OMB Memorandum For Chief Human Capital Officers: Competition Framework for Human Resources Management Line of Business Migrations, May 21, 2007, http://www.whitehouse.gov/omb/memoranda/fy2007/business_migrations.pdf

[7] OMB Circular A-76. Circular is located at the following webpage: http://www.whitehouse.gov/omb/circulars/index.html.

Migrations involving 10 or fewer FTEs must be conducted in accordance with requirements of section 2.a. of the Competition Framework. Section 2.a. requires a public-private competition pursuant to which migrating agencies:

1. Publish a notice in FedBizOpps of their intent to conduct a public-private competition;
2. Issue a solicitation inviting offers from at least three public SSCs and at least three private SSCs on Schedule 738.X;
3. Develop a performance-based statement of work;
4. Ensure that services are obtained at a fair and reasonable cost;
5. Evaluate offers on an impartial basis; and
6. Make general use of the policies and procedures of the Federal Acquisition Regulation (FAR).

The Framework does not require use of the procedures in Circular A-76 for public-private competitions involving 10 or fewer FTEs, provided the procedures used to facilitate competition meet the six requirements outlined above. These requirements are designed to ensure impartiality, transparency, and accountability, while allowing agencies limited flexibility to focus competition procedures around the evaluation of public SSCs and the private sector, rather than around the in-house "most efficient organization" and the private sector, which is the traditional focus of the Circular's processes. It should be noted that none of the six steps described above are required either by section 739 of Division D of P.L. 110-161 or section 43 of the OFPP Act. In fact, those laws impose no requirements for the use of public-private competition where 10 or fewer FTEs are involved.

Requirements for Migrations Conducted Using Other than Public-Private Competition

Agencies are required to justify non-competitive migrations, public-public competitions, and private-private competitions (if authorized). Justifications must be approved by the agency's Chief Human Capital Officer, Chief Information Officer, Chief Financial Officer, and Chief Acquisition Officer, and OMB.

Direct conversions are not authorized by the guidance absent justification approved by the officials described above and OMB. Any such conversions must also be permitted by law. Direct conversions are not anticipated and, to date, no requests for direct conversions have been presented to OMB.

4. Impact of HR LOB on Federal Employments Levels

The focus of the HR LOB common solution is to reduce the cost and risk associated with HR IT systems. While agencies historically took an agency-centric approach to meeting their HR systems needs, the HR LOB multi-agency taskforce determined that the delivery of HR services through SSCs drives standardization of HR business functions and processes, allowing Federal departments to cut costs and possibly redirect valuable resources to mission critical functions

HR IT systems are typically operated and maintained by a team of technical contractors overseen by a relatively small number of federal IT managers or HR specialists. Thus the effects of migration to an HR LOB SSC have primarily impacted contractors. Federal IT managers directly affected by HR LOB migrations have frequently been redirected to other, often mission-oriented IT projects. This has been widely viewed as a positive development, as the CIO Council workforce survey consistently shows a shortage in qualified IT project managers across the Federal government.

The following examples of impacts on Federal employees have been reported by agencies:

- All Department of Homeland Security bureaus have migrated to the DOI SSC, with the exception of the US Secret Service, which is serviced by Treasury's HR Connect. Nonetheless, DHS has not experienced any quantifiable impact on its employment levels as a result of its migration to SSCs.

- The Department of Labor anticipates re-purposing affected staff to support help desk and other customer support activities.

- The Department of Housing and Urban Development experienced voluntary personnel attrition of 10 FTE as a result of their migration to the Treasury SSC.

Agency points of contact can be found in the appendix to this report.

5. Estimated Savings and Savings Methodology

The HR LOB savings estimates and actual benefits are based on a model in which HR service providers are consolidated across the Federal government, resulting in a corresponding reduction in legacy systems. Among other advantages, agencies are expected to experience savings in both cost and efficiency. Some major examples of agency HR system benefits are:

- reduced licensing costs;
- cost savings achieved through decommissioning legacy and redundant HR systems;
- reduced operations and maintenance costs;
- reduced integration costs; and
- improved executive level decision making.

Benefits, including savings, will fluctuate from agency to agency based on a variety of factors. Such variables include maturity of existing systems, number of employees, and the selected service provider.

Estimates were made using a high-level rough-order-of-magnitude (ROM) model created based on the consensus view of the HR LOB taskforce members. This cost model will be updated by the HR LOB through the FY 2010 budget process.

5.1 Estimated Savings & Calculation Methodology

The HR LOB interagency taskforce initially estimated a ROM savings over ten years of approximately $1 billion (net present value).

The cost model, agreed upon by the government-wide HR LOB taskforce, assumed that status quo costs would be reduced due to agencies' use of approved HR LOB shared service centers. The status quo costs minus the reduction in costs indicated the gross savings. Net savings factor in the replacement cost of the functionality previously received by agencies that shutdown redundant systems.

OPM plans to revise the cost benefit analysis for the HR LOB as part of the 2010 budget process. This revised analysis will reflect the current state of the HR LOB and the existence of public and private SSCs.

5.1.1 Status Quo Costs

Status quo cost were calculated as the average HR-related IT investment costs, as reported by the agencies in their Exhibit 53's for fiscal year 2004 and 2005. Total status quo costs per year were calculated as follows:

- Development, maintenance, and enhancement (DME): $225M (average spending over FY 2004 and FY 2005) and
- Steady state (SS): $551M (average spending over FY 2004 and FY 2005).

5.1.2 Reduction in Status Quo Costs

The initial estimates developed by the HR LOB suggest a cost reduction of 50% from the status quo of operating agency-independent HR systems. A reduction of 50% in the status quo costs equates to approximately $400M. The HR LOB Taskforce assumed these costs to continue for the investment lifecycle.

The consensus view of the HR LOB Taskforce was that a reduction of 50% in status quo costs was achievable through retirement of agency-specific legacy systems as well as a reduction in the planning and development of new, agency-specific systems.

5.1.3 Costs of Establishing Government-wide Shared Service Centers

Original costs were estimated for a lifecycle from FY 2005 through FY 2015 in the following areas:

- **Planning** – The overall costs to plan for the development of and migration to SSCs. Total lifecycle planning costs were estimated to be $106 million.

- **Acquisition Costs** – The overall costs to acquire, develop, and implement government-wide SSCs. Costs include hardware, software licensing, facilities, and implementation/systems integration costs. Total lifecycle acquisition costs were estimated to be $545 million.

- **Maintenance Costs** – The costs associated with the ongoing operations and maintenance of government-wide SSCs. Costs include program staff, software, hardware, telecommunications, and facilities costs. Total lifecycle maintenance costs were estimated to be $954 million.

5.2 Agency Examples – Actual Results

Though HR LOB is still in the early phases of agency implementation, agencies that have retired their legacy HR systems and migrated to an HR LOB SSC have realized benefits including cost savings and avoidance.

- **Department of Housing and Urban Development –** Through the migration to Treasury's HR Connect , HUD has been able to avoid costs of $10 million versus what it would have cost to build its own system. HUD spent less than $1 million to migrate to Treasury's HR Connect, and did so in six months. The projected cost of HUD's contribution to Treasury is about $1.6 million a year.

  Within six months of migrating to HR Connect, over 64% of HUD employees had utilized the system and over 28,000 paperless transactions had been conducted. The subsequent retirement of four legacy HR systems resulted in a projected savings of $2 million over 10 years.

- **Department of Labor –** In 2007, after an open competition process, DOL decided to replace its legacy HR, payroll, and time and attendance systems with DOI's National Business Center. Total projected migration costs are estimated at $10.8 million, including a one-time migration payment to NBC, one-time DOL costs to implement the NBC system, and annual fixed fees of $4.2 million. Once

migration is completed in September 2009, DOL expects to achieve cost savings of $2.3 million per year.

- **Department of Health and Human Services** – HHS migrated their own agency's payroll operations to DOD's DFAS, reducing its annual payroll processing costs by almost $11 million. The migration reduced the annual cost from $259 to $90 (a 63% decrease) for each of HHS' 65,000 employees.

- **The Environmental Protection Agency** – EPA reduced its annual costs of payroll processing for its 18,000 employees by approximately two-thirds to $3.2 million, or from $270 to $90 per employee.

Agency points of contact can be found in the appendix to this report.

6. Estimated Transition Costs

Agency transition costs will vary significantly based on the size of the agency, the complexity of the current environment, and the amount of SSC support required by the agency.

To assist agencies in transition to an SSC, the HR LOB PMO developed and published the Migration Planning Guidance document. Within the MPG, the HR LOB included the following approach and steps for migration. (To view the MPG in its entirety, please click on the following link: http://www.opm.gov/egov/documents/MPG/index.asp)

1. Assess Phase. During this phase, the agency envisions how it can best deliver HR services to support the mission of the agency and develops the business case for change.
2. Define Phase. During this phase, the agency develops detailed requirements that will be a basis for provider selection.
3. Select Phase. During this phase, the agency selects a partner / provider and negotiates the partnership, including service level expectations.
4. Migrate Phase. During this phase, the agency and provider work together to move selected operations from the agency to the service center.
5. Operate and Improve Phase. During this phase, performance results are used to identify opportunities for improvement.

Per the MPG, in the "Assess Phase", agencies begin to develop a business case to estimate overall costs and benefits and to make a projection about breakeven and return on investment.

6.1 Transition Cost Estimates

Integration and transition costs include projections associated with integrating the identified agency functions into the SSC and activities necessary for transitioning to a new environment. These include planning and verification, integration of feeder and down-stream systems, data conversion and validation, and agency change and transformation management. The average integration and transition costs per agency were estimated by the HR LOB Taskforce to be $5M. These costs can be roughly broken down as follows:

- $250K for planning and verification;
- $2.5M for integration of feeder and down-stream agency-specific systems (10-15 interfaces);
- $1.5M for data conversion and validation; and
- $750K for agency-specific change management.

6.2 Agency Examples – Actual Transition Costs

While the HR LOB is in its early stages, actual costs to migrate appear to be in line with the initial rough-order-of-magnitude estimates made. Examples of actual costs incurred during completed agency migrations are outlined in the following examples.

- Department of Housing and Urban Development – In April 2006, HUD reported that the agency spent $989,000 migrating to the Treasury Department's HR LOB SSC. HUD's projected annual fee to Treasury is $1.6 million.

- Department of Labor – DOL estimates total migration costs for both personnel and payroll systems to be $10.8 million over a 2 year period. The costs are a combination of payment to NBC for one-time migration services, one-time DOL costs to implement the NBC system, and NBC annual fixed fees of $4.2 million. The additional $6.6 million includes contractor support, FTE costs of the core implementation team, the costs of a time and attendance solution, procurement of telecommunications equipment, data transfer expenses, and travel costs for team members.

7. Guidance in Evaluating the Benefits of HR LOB

Ultimately, agency benefits will result from a reduction in the cost of developing and operating legacy HR IT systems as agencies migrate to the government-wide SSCs. Specific benefits will vary based on a number of factors: agency size, number and complexity of legacy systems, selected HR SSC, timing and cost of migration activities, etc. In all cases, agencies are expected to select the migration approach that provides the best value to the agency.

7.1 Migration Planning Guidance

To assist agencies in all aspects of the migration effort, including the evaluation of agency benefits, HR LOB has developed the Migration Planning Guidance document. The MPG provides tools and guidance to agency HR executives, their management teams, and the management teams of public and private SSCs. (The MPG can be found in its entirety on the web at http://www.opm.gov/egov/documents/MPG/index.asp)

The MPG provides specific tools to assist agencies in evaluating the benefits of potential SSCs, including:

- **The Migration Roadmap** – Recommended steps/actions agencies to ensure the successful selection of, migration to, and operations of an SSC.
- **Competition Framework** – Agencies are expected to leverage acquisition best practices to assist in the evaluation of potential SSCs and their associated benefits. Selected best practices pertaining to evaluation of potential SSCs include:
  - Price/cost reasonableness – Agencies shall ensure services are obtained at a fair and reasonable price/cost. Agencies shall require SSCs to identify the full cost of performance to the government. Proposals from SSCs must include sufficient detail to allow customers to understand the basis for proposed costs and evaluate price reasonableness.
  - Impartial evaluation of offers – Agencies shall evaluate offers from public and private SSCs in accordance with the same set of criteria, a single evaluation panel, and a single selection authority. The source selection process should be transparent and ensure federal service provider and private sector offers are considered on a level playing field.
  - Implementation of an accountability structure to:
    - Identify a quality assurance process and surveillance methodology
    - Establish performance metrics to support periodic evaluation of the performance of core functions and other value added services
  - Tracking of results consistent with OMB and FAR guidance on Earned Value Management.
- **Due Diligence Checklist** – This checklist is intended to be used by customer agencies in documenting various aspects of service delivery by an SSC. It outlines areas of evaluation essential for the successful selection of an SSC, including:
  - technical approach/methodology;
  - staffing approach/methodology;

- service delivery experience; and
- management.

Additionally, agencies wishing to conduct a non-competitive migration or a migration based on private-private or public-public competition are required to develop an "Exception Business Case", outlining the advantages of their approach over a full and open competition. The Exception Business Case requires agencies to provide:

- A statement of justification/need;
- A list of agency required services;
- market analysis, including list of efforts made to evaluate as many potential solutions as possible;
- agency recommendations;
- completed due diligence checklist (as described above); and
- agency SSC target requirements self-evaluation results.

The competitive sourcing official shall receive prior written OMB approval to waive Circular A-76 compliance, and shall include any OMB approved waivers in the public announcement and solicitation for a streamlined or standard competition. Agencies are encouraged to use this waiver procedure to explore innovative alternatives to standard competitions and high performing organizations.

7.2 Risk Mitigation

The HR LOB developed and validated the uniform target requirements for shared service centers with significant involvement of the inter-agency MAESC and the MAESC-led inter-agency requirements work groups. These requirements were reviewed and vetted by all federal agencies to ensure they met the requirements of those agencies. This eliminates one of the most common causes of IT implementation failures – inaccurate or incomplete requirements development.

The same process was used in the development of government-wide uniform standards for measuring HR LOB SSC performance; as well as addressing the five key areas of the Federal Enterprise Architecture (documents are located at http://www.opm.gov/egov/documents/architecture/index.asp). During the selection of SSCs, conformance to these standards was evaluated, ensuring the SSCs could properly implement government-wide requirements. Thus any SSC could service any Federal agency.

By offering pre-configured and tested systems, the HR LOB has minimized many risks historically associated with major systems migrations. Nonetheless, migration to an HR LOB SSC does not absolve agency CIOs of identifying and mitigating any residual risks.[8]

[8] National Institute of Standards and Technology, SP 800-39, "DRAFT Managing Risk from Information Systems: An Organizational Perspective," April 3, 2008. http://csrc.nist.gov/publications/drafts/800-39/SP800-39-spd-sz.pdf

Appendix A – Points of Contact

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

May 18, 2007

MEMORANDUM FOR THE PRESIDENT'S MANAGEMENT COUNCIL

FROM: Clay Johnson III
Deputy Director for Management

SUBJECT: Competition Framework for Human Resources Management Line of Business Migrations

The attached memorandum provides guidance to agencies planning to upgrade or replace their agency's human resources (HR) management systems. The guidance builds on the existing OMB policy from FY2004, assisting agencies as they move to a Shared Service Center (SSC). It is a consensus recommendation from the Human Resources Line of Business task force, comprised of representative from your agencies and led by the Office of Personnel Management (OPM).

The policy ensures agencies receive the benefits from competition among all qualified parties. In addition, the policy reiterates that agencies should no longer invest development, modernization or enhancement (DME) funding into their internal HR management systems. The memorandum includes an attachment establishing a framework for the competitive selection of either a public or private SSC. This framework supports the task force's recommendation that when a current system reaches the end of its lifecycle the agency should transition or "migrate" to a SSC. This policy is intended to facilitate, not delay, agency migration efforts. The competitive selection of HR management systems offers an opportunity both to improve the cost, quality, and performance of shared services and to strengthen the federal workforce.

Should you have any questions with this policy, please contact Karen Evans, Administrator, E-Gov and Information Technology, at 202.395.1181.

May 21, 2007

MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS
CHIEF INFORMATION OFFICERS
CHIEF ACQUISITION OFFICERS
CHIEF FINANCIAL OFFICERS

FROM: LINDA M. SPRINGER
CHAIRMAN
DIRECTOR
OFFICE OF PERSONNEL MANAGEMENT

CLAY JOHNSON, III
VICE CHAIRMAN
DEPUTY DIRECTOR FOR MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Competition Framework for Human Resources Management Line of Business Migrations

This memorandum provides guidance to agencies planning to upgrade or replace their agency's human resources (HR) management systems. The memorandum discusses the process agencies should use to select providers for these systems and associated commercial support services.

In 2004, the Office of Management and Budget (OMB) launched an inter-agency task force to set direction for the Human Resources Line of Business (HR LOB). The task force concluded that agencies should no longer invest in their own HR management systems. Instead, when a current system reaches the end of its lifecycle, the agency should transition or "migrate" to a Shared Service Center (SSC) that can meet the agency's needs with better service and lower risk.

OMB's policy is that, with limited exception, an agency seeking to upgrade to the next major release of its current HR management system or modernize to a different HR management system must migrate to a public or private sector SSC. OMB and the Office of Personnel Management (OPM) have designated five Federal agencies as public sector SSCs to host an HR system and offer associated HR support services for multiple customers. In addition, the General Services Administration (GSA), in close consultation with OPM and OMB, is expanding offerings on its HR schedule under its Multiple Award Schedules (MAS) Program to facilitate the consideration of contractors who qualify as private sector SSCs.

This guidance establishes a framework for the competitive selection of either a public or private SSC. The guidance is designed to ensure agencies preparing to modernize HR systems: (1) consider both public and private SSCs with a demonstrated capability, (2) conduct competition between SSCs in an impartial, structured, and transparent manner, and (3) hold the selected SSC accountable for results through an appropriate implementation structure.

OMB and OPM expect that the attached guidance will be used for migrations focusing on hosting, application management and other services that would not result in the migration of work performed by more than 10 full-time employee equivalents (FTEs). If an agency wishes to pursue a migration involving more than 10 FTEs, the agency shall consult with OMB.

It is OMB's intent to avoid costly and redundant investments in "in-house" solutions for common support services so that shared service operations may achieve their full potential and anticipated returns. A non-SSC agency may upgrade or replace its own HR management system only if the agency demonstrates that investment in a system limited to the agency's own use and associated support represents a better value and lower risk alternative than migration to an SSC.

There must also be a justification for using a limited form of competition, such as public-public competition. The justification shall be documented in the same general manner prescribed in Part 6 of the Federal Acquisition Regulation for the use of other than full and open competition. The forthcoming HR LOB Migration Planning Guidance will contain a template agencies may wish to use in developing this justification.

This policy is intended to facilitate, not delay, agency migration efforts. Nothing in this memorandum changes the expectation that agencies will continue to take all the necessary steps, in the earliest possible timeframes, to meet HR LOB objectives. OMB will work with agencies as revisions are made to the competition framework to determine how such revisions should be handled with respect to an ongoing migration.

This competition framework, and any supplements to the framework, will be incorporated into the HR LOB Migration Planning Guidance. The HR LOB guidance is designed to help agencies describe, prepare for, and manage migrations.

The competitive selection of HR management systems offers an opportunity both to improve the cost, quality, and performance of shared services and to strengthen the federal workforce. We appreciate your careful attention to this memorandum and look forward to working with you to achieve success on this important results-based initiative.

Attachment

Human Resources Management Lines of Business Migration Guidelines

The Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) have developed this guidance for agencies that are planning to migrate their agency's human resources (HR) management systems and services involving commercial activities. This guidance establishes a framework for the competitive migration of these needs to either a public or private (commercial) Shared Services Center (SSC) under the Human Resources Management Line of Business (HRLOB) initiative**.** Agencies acquiring new HR management systems shall comply with the guiding principles outlined below.

OMB plans to supplement this framework through related HRLOB projects undertaken to increase transparency and standardization of HR management business processes. Agencies shall consult with OMB and the HRLOB prior to initiating planning for an HRLOB migration.

Guiding Principles

1. Consideration of providers with a demonstrated capability.

a. Migration shall result in the selection of an approved public or private sector SSC with a demonstrated ability to leverage technology, expertise and other resources to achieve best value for the taxpayer.

b. Except as provided in subsection 1d., below, the customer agency's consideration of federal service providers shall be limited to those that have been designated by OMB and OPM as an SSC. As of January 1, 2007, the following organizations have been selected as SSCs for HR management:

i. National Business Center, Department of the Interior;
ii. National Finance Center, Department of Agriculture;
iii. HR Connect, Department of the Treasury;
iv. Civilian Personnel Management System, Department of Defense; and
v. Program Service Center, Department of Health and Human Services.

Agencies should consult with the HRLOB Program Management Office or OMB regarding any new SSC designations or changes in current SSC designations.

c. The General Services Administration (GSA) is establishing new special item numbers for Schedule 738 (Schedule 738 Part X) under its Multiple Award Schedules (MAS) Program to facilitate agency consideration of HR solutions offered by private sector SSCs. When conducting migrations through public-private competition or private-private competition (if authorized), agencies are strongly encouraged to obtain private sector proposals using this schedule. Each of the schedule contract holders awarded has been determined by the HRLOB to be a qualified provider. Agencies shall consult with OMB if they intend to obtain

private sector proposals other than through Schedule 738 Part X.

d. A non-SSC agency may upgrade or replace its own HR management system only if the agency demonstrates to OMB that investment in a system limited to the agency's own use and associated support represents a better value and lower risk alternative than migration to an SSC.

2. Use of a competitive process.

OMB strongly favors competitive migrations through public-private competition. Public-private competition facilitates informed decision-making by customer agencies through the comparison of various solutions offered by SSCs and private sector providers. As described below, OMB and OPM anticipate public-private competitions between public SSCs and private SSCs on GSA's Schedule 738 Part X using the simplified procedures described in subsection a. For exceptions, see subsection b.

a. Migrations through public-private competitions.

The process described below is intended to facilitate simplified public-private competitions. This process is authorized only for hosting or other HRLOB activities that are supported by 10 or fewer FTEs in the customer agency. For migrations that may involve activities performed by more than 10 FTEs in the customer agency, agencies shall consult with OMB.

Customer agencies shall conduct public-private competitions that adhere to the following requirements.[1]

i. *Notice of intent to conduct a competitive migration*. Agencies shall publish a notice in FedBizOpps of their intent to conduct a public-private competition for HR management shared services.

ii. *Single solicitation to both sectors*. Agencies shall issue a solicitation inviting offers from at least three public SSCs and at least three private SSCs on Schedule 738.X. The HRLOB Migration Planning Document contains a brief narrative description of each public SSC's offerings and a capability matrix linked to each SSC's self-evaluation against target requirements. Similar information will be provided on private SSCs on Schedule 738.X. Agencies shall consider this information in determining which SSCs should receive the solicitation. The solicitation shall:

A. identify the requirements for preparing offers, including any special

[1] This memorandum constitutes a deviation from Circular A-76 for migrations involving the transition of activities performed by 10 or fewer FTEs. An agency may, but is not required to, follow Circular A-76 for these migrations. However, if the agency wishes to include the in-house provider in the competition, the agency shall confer with OMB regarding the application of the Circular.

instructions (see subsection vi., below, for special instructions applicable to offers from public SSCs); and

B. describes the agency's basis for evaluating offers.

iii. *Performance-based statement of work*. Agencies shall develop a performance-based statement of work giving potential providers sufficient latitude to offer the best and most innovative solutions to meet the agency's needs.

iv. *Price/cost reasonableness*. Agencies shall ensure services are obtained at a fair and reasonable price/cost. Agencies shall require public SSCs to identify the full cost of performance to the government. Proposals from public SSCs must include sufficient detail to allow customers to understand the basis for proposed costs and evaluate price reasonableness.

v. *Impartial evaluation of offers*. Agencies shall evaluate offers from public and private SSCs in accordance with the same set of criteria, a single evaluation panel, and a single selection authority. The source selection process should be transparent and ensure federal service provider and private sector offers are considered on a level playing field.

vi. *Use of FAR policies and procedures*. Agencies shall generally use the policies and procedures of the FAR to guide their competitive migrations. For example:

- Generally, use the procedures in FAR Part 8.4 related to the use of the MAS.
- Offer debriefings to public and private SSCs in accordance with FAR 15.506.
- Allow protests to the agency using the framework provided in FAR Subpart 33.103.

Certain FAR requirements are not applicable to public SSCs. For example, a public SSC is not required to include: (a) a labor strike plan, (b) licensing or other certifications, (c) a subcontracting plan, and (d) participation of small disadvantage businesses. Solicitations shall contain a special instruction to identify the FAR provisions that are not applicable to federal service providers.

<u>Note</u>: The solicitation shall make clear that if a public SSC is proposing to subcontract work to the private sector, the federal service provider must provide maximum practical opportunities for small businesses to participate in such subcontracting. In addition, requirements related to a labor strike

plan, licensing and other certifications may apply to work that is subcontracted.

b. Exceptions.

Agencies that wish to conduct a non-competitive migration or a migration based on private-private competition (if authorized) or public-public competition shall prepare a full justification, generally including the type of information called for by section 6.303-2 of the FAR. The justification shall be approved by the agency's Chief Human Capital Officer, Chief Information Officer, Chief Financial Officer, and Chief Acquisition Officer. Agencies may wish to refer to the template in the Migration Planning Guidance when developing this justification. Agencies shall confer with OMB prior to proceeding with a migration through other than a public-private competition. Direct conversions are not anticipated and are not authorized by this guidance absent appropriate justification approved in accordance with this paragraph and by OMB.

In the limited circumstances where a public-public competition is justified in accordance with this subsection, agencies shall describe to OMB the processes that will be used to evaluate potential providers. As a general matter, these processes should require (i) issuance of a performance-based statement of work, (ii) submission of offers that identify the full cost of performance to the government, and (iii) impartial evaluation of offers. Processes should also take maximum practicable advantage of the policies and procedures in the FAR.

3. **Implementation of an accountability structure**.

Irrespective of the source selected, the provider must be held accountable for achieving results and the customer agency must take appropriate steps to ensure good stewardship of taxpayer dollars. Accordingly:

a. If the customer agency selects a private SSC, the customer must administer the contract in accordance with the FAR. In particular, the customer must: (i) have a quality assurance surveillance plan (QASP) and a team in place to implement the plan and (ii) evaluate the SSC's performance on an ongoing basis for consideration in future competitions for federal work.

b. If the customer agency selects a public SSC, the customer and service provider will enter into an inter-agency agreement clearly identifying the workload, performance levels, the method of quality surveillance, and the cost for performance. A team must be in place to implement the QASP and the agency must also be prepared to evaluate the public SSC's performance on an ongoing basis for consideration in future competitions.

c. Contracts and agreements will include performance metrics so that performance of core functions and other value added services can be periodically evaluated and adjustments made where necessary, including consideration of a new public or private SSC over the longer term if service is not satisfactory.

d. Agencies shall incorporate appropriate performance periods into their agreements with public SSCs and contracts with private SSCs, considering the nature and risk associated with the service to be provided.

e. Performance standards will include specific exit criteria whereby the customer agency may leave the agreement when there is a failure to perform.

f. Agencies shall ensure inter-agency agreements with SSCs satisfy the requirements of the Economy Act, 31 U.S.C. 1535, or other authorities, as applicable.

4. Tracking results.

Customer agencies shall monitor performance, regardless of the selected service provider, for all performance periods stated in the solicitation. Performance measurement and reporting shall be consistent with OMB and FAR guidance on earned value management. See OMB Memorandum M-05-23, *Improving Information Technology (IT) Project Planning and Execution;* the *Capital Programming* Guide (supplement to OMB Circular A-11, Part 7); and FAR Subpart 34.2, *Earned Value Management Systems.*

United States Office of Personnel Management

Human Resources Line of Business

Migration Planning Guidance

Version 1.0

December 31, 2007

FINAL

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1 Overview

The primary purpose of this Migration Planning Guidance is to assist customer agencies to prepare for, and manage, a migration of their human resource management operations to a shared services environment under the Human Resources Line of Business (HR LOB) initiative. The Migration Planning Guidance provides tools and guidance to agency human resources (HR) executives, their management teams, and the management of public and private shared service centers (SSCs). The Migration Planning Guidance should be helpful to all organizations involved with Federal human resource management. The Migration Planning Guidance is a living document and will be updated periodically.

The HR LOB initiative was launched in 2004 to support the vision articulated in the President's Management Agenda. The HR LOB is expected to help the Federal government realize the potential of electronic government by significantly enhancing human resources service delivery within the executive branch of government. The HR LOB Concept of Operations (CONOPS), summarized in Section 3, proposes a near-term service delivery model in which HR services relating to human resources information systems (HRIS) and payroll operations move from the agencies to HR shared service centers.

The HR LOB Business Reference Model (BRM), version 2, provides the detailed business activities that inform the Concept of Operations (CONOPS). It also provides the structure for operational placement decisions (e.g., retain at agency or move to shared service center). Some activities will continue to be performed by customer agencies; other activities will be performed in the future by shared service providers; and some activities will be performed jointly by customer agencies and shared service providers. Additionally, BRM activities in this end-to-end process offer a tangible basis for identifying provider requirements: the specification of technology, process, role and service level expectations of the service providers.

This Migration Planning Guidance document provides stakeholders:

- An overview of the HR LOB vision, scope, goals and objectives.
- A description of enterprise architecture design.
- The Concept of Operations.
- The proposed migration guidelines.
- A task order template.
- The migration roles and responsibilities.
- A migration roadmap.

The HR LOB Migration Planning Guidance contained herein will allow customer agencies to effectively and efficiently migrate to SSCs and increase their focus on the Strategic Management of Human Capital. In turn, HR shared service centers will deliver the HR core and noncore services defined in the HR LOB CONOPS in an efficient and cost-effective manner with a focus on customer and service quality.

1.1 Strategic Vision, Scope, Goals and Objectives

The vision of the HR LOB initiative is to provide "Governmentwide, modern, cost-effective, standardized and interoperable human resource solutions providing common core functionality to support the Strategic Management of Human Capital and addressing duplicative and redundant HR systems and processes across the Federal Government." The scope of the migration guidance is both organizational and functional. It applies to all customer agencies and public and private shared service providers. The major goals and objectives of HR LOB are outlined in the table below.

GOALS	OBJECTIVES
Improved Management of Human Capital Improve the Governmentwide Strategic Management of Human Capital	▪ Faster decision making ▪ More informed policy making ▪ More effective workforce management ▪ Improved resource alignment with agency missions
Operational Efficiencies Achieve or increase operational efficiencies in the acquisition, development, implementation and operation of human resources management systems	▪ Improved servicing ratio/ response times ▪ Reduced cycle times ▪ Improved automated reporting
Cost Savings / Avoidance Achieve or increase cost savings/avoidance from HR solution activities	▪ Reduced duplicative software / hardware / operations / labor resources ▪ Increased competitive environment
Improved Customer Service Improve customer services	▪ Increased accessibility to client and value ▪ Improved communication and responsiveness ▪ Enhanced quality ▪ Enhanced timeliness ▪ Enhanced accuracy ▪ Enhanced consistency

Table 1. HR LOB Goals and Objectives

The benefits of achieving the goals and objectives outlined above include:

- Preserving the benefits of competition.
- Providing economies of scale gained through SSCs whose utilization, performance and cost efficiencies will be maximized.
- Building upon the enterprise architecture that is standards based and scalable in terms of additional functionality and utilization by all customer agencies.

1.2 Governance

The HR LOB governance structure establishes the oversight and development of the common solution(s) for the transformation of the Federal Government a duplicative, dispersed HR IT environment to a standardized solution or set of solutions characterized by interoperability, efficiency, and service excellence. The governance structure described below was developed to enable a competitive environment in which customer agencies will have the option to choose from a public or private shared service center for their human resources functions (core and noncore) and to facilitate a seamless integration of HR solutions. It ensures that each Federal agency has a voice in determining how the common solution(s) will be developed and implemented while enabling existing SSCs to participate in the process. The current governance structure of the HR LOB includes three tiers.

The Strategy, Policy, Planning and Oversight tier:

- The Multi-Agency Executive Strategy Committee (MAESC) is composed of 24 member agencies with OPM and OMB as co-chairs. The 24 participating agencies are Agency for International Development (USAID), Department of Agriculture (USDA), Department of Commerce (DOC), Department of Defense (DOD), Department of Education (ED), Department of Energy (DOE), Department of Homeland Security (DHS), Department of Housing and Urban Development (HUD), Department of the Interior (DOI), Department of Justice (DOJ), Department of Labor (DOL), Department of State (State), Department of Transportation (DOT), Department of Treasury (Treasury), Department of Veterans Affairs (VA), Environmental Protection Agency (EPA), General Services Administration (GSA), Department of Health and Human Services (HHS), the Intelligence Community, National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), Office of Management and Budget (OMB), Office of Personnel Management (OPM), and Social Security Administration (SSA).
- The MAESC is co-chaired by the OPM HR LOB Program Director and the OMB Internal Efficiency and Effectiveness (IEE) Portfolio Manager.
- The MAESC includes ex-officio members from divisions within OPM, as well as liaisons to the CIO Council, CFO Council, Small Agency Council, Federal Acquisition Council, and Budget Officers Advisory Council.
- The MAESC ultimately reports to the OPM Director, who chairs the Chief Human Capital Officers' Council (CHCOC).
- The Requirements Board led by OPM’s Strategic Human Resources Policy (SHRP) division oversees and approves the policy requirements for HR LOB SSCs.
- The Chief Human Capital Officers Council (CHCOC) Subcommittee on the HR LOB supports governmentwide efforts to transform the delivery of HR services within the Federal government so that agencies can devote their time and effort to the more strategic management of human capital. This Subcommittee, as part of the governance structure of the OPM HR LOB Program, is focused on ensuring that this transformation is implemented successfully across Government.

The User Requirements tier:

- The requirements workgroups develop the policy requirements for SSCs.
- The Customer Council that represents the voice of the customer, consists of 14 representatives from across the Federal Government including OPM, and reports directly to the MAESC.
- The following workgroups developed the enterprise architecture (EA) and will continue to provide updates to the EA when required:
  - Business Reference Model Workgroup.
  - Data Model Workgroup.
  - Performance Model Workgroup.
  - Service Component Model Workgroup.
  - Technical Model Workgroup.

The Operations and Delivery tier:

- The Shared Service Center Advisory Council/Payroll Advisory Council (SSCAC) represents the voice of the providers and includes representatives from the five Federal SSCs and DOD's Defense Finance and Accounting Service (DFAS) and the GSA as payroll providers. The SSCAC reports directly to the MAESC.

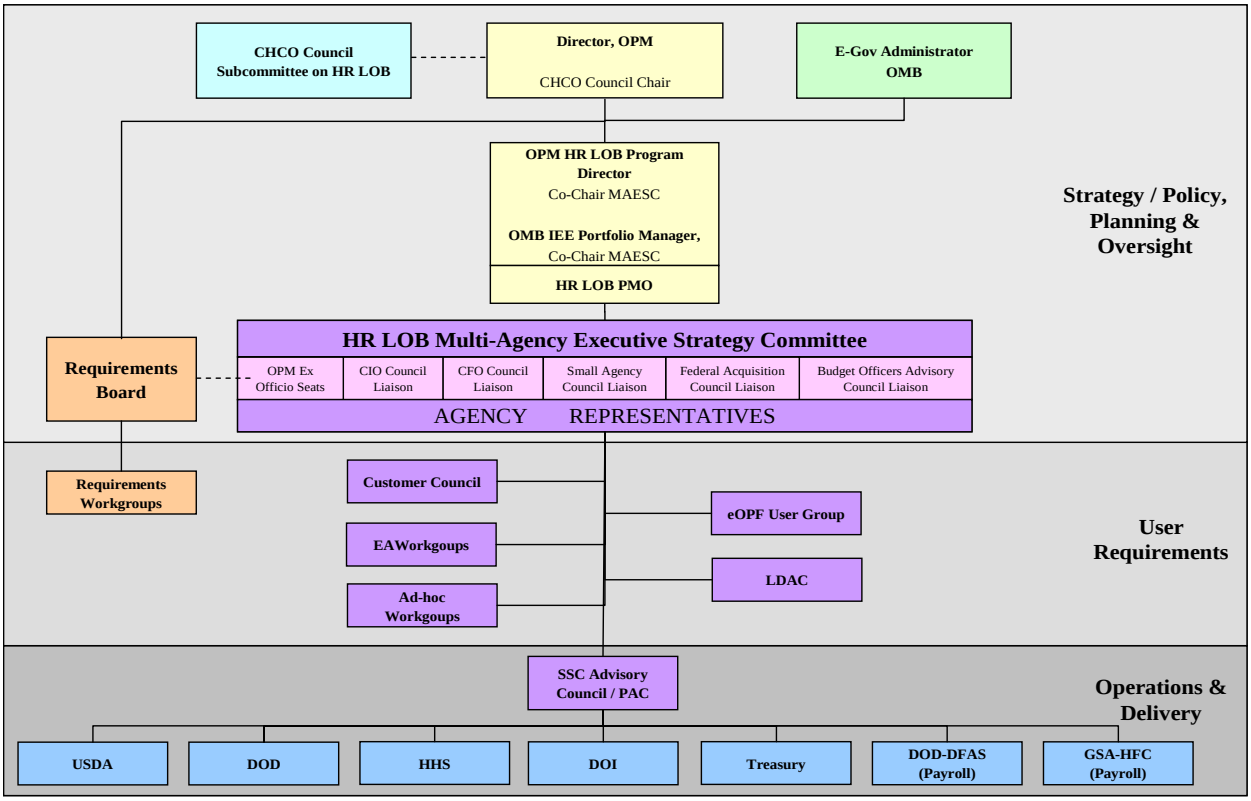

Figure 1: HR LOB Governance Structure

1.3 Frequently Asked Questions

HR LOB published the Frequently Asked Questions document that covers the following issues:

- HR LOB Overview.
- HR LOB Structure and Governance.
- Accomplishments and Next Steps.
- Migration to Shared Service Centers.

The complete HR LOB Frequently Asked Questions document is available on http://www.opm.gov/egov/HR_LOB/FAQ/HRLOBFAQMarch07.pdf.

The below questions pertain to migrations to SSCs and are taken directly from the HR LOB Frequently Asked Questions document.

Who are the current SSCs and how were they selected?

The HR LOB has thus far selected five public sector SSCs to provide HR services for the Federal Government. These five SSCs are:

- Department of Agriculture (National Finance Center and partnered with Animal and Plant Health Inspection Service).
- Department of Defense (Civilian Personnel Management Service and partnered with Defense Finance and Accounting Service).
- Department of Health and Human Services (Program Support Center and partnered with Defense Finance and Accounting Service).
- Department of the Interior (National Business Center).
- Department of Treasury (HR Connect and partnered with Bureau of Public Debt and National Finance Center).

A panel composed of MAESC members representing customer agencies reviewed and qualified the current public sector SSCs.

Are the HR LOB SSCs identical to the e-Payroll providers?

The HR LOB currently has five Federal agencies qualified as HR LOB SSCs and four Federal agencies qualified as e-Payroll providers. Two out of the four e-Payroll providers are also qualified as HR LOB SSCs. The Department of the Interior's National Business Center and the Department of Agriculture's National Finance Center are both SSCs as well as e-Payroll providers. The remaining two e-Payroll providers - The Department of Defense's Defense Finance and Accounting Service (DFAS), and the General Services Administration's Heartland Finance Center - are e-Payroll providers but are not HR LOB SSCs; however, they provide interfaces to the HR LOB SSCs.

Does the HR LOB plan to establish private sector SSCs?

Yes. OPM and GSA have partnered to establish and administer a schedule of private sector SSCs on Multiple Award Schedule 738.X, for which the Federal Acquisition Service at GSA is the responsible party.

How will agencies select an SSC?

Specific guidance for the SSC selection process and public-private competition is included in the Competition Framework section of this document.

When and how will agencies move their HR services to an SSC?

The migration dates will depend on each agency. Migration decisions will be most dependent on the state of an agency's current HR solutions and how imminent the need for modernization is for each agency. Each agency is expected to work closely with the HR LOB and OMB to determine its readiness for the selection of, and migration to an SSC.

How will the migrations be funded?

The migration costs will be borne by the migrating agencies. Agencies should take this into consideration during their budget formulation process and coordinate their planning activities with OMB and OPM. More information is provided in Section 4 of this document.

2 Enterprise Architecture and Target Requirements

The HR LOB Federal Enterprise Architecture (FEA) models and target requirements set the standards for the SSCs and guide HR LOB efforts in compliance with OMB FEA requirements. The enterprise architecture (EA), coupled with target requirements, provides the basis for understanding commonalities across business entities, provides an opportunity for collaboration and sharing, and sets expectations for SSCs to meet requirements for HR delivery. The FEA is composed of five models developed, maintained and managed by OMB. Collectively, the models provide universal definitions and constructs of the business, performance and technology of the Federal Government. The HR LOB models serve as a foundation to help determine and define future target processes and requirements as future investments are made. They are designed to provide a Governmentwide view that will help identify duplicative investments and opportunities for collaboration within and across Federal agencies.

The most current versions of the HR LOB EA documents are available at http://www.opm.gov/egov. Individual links to documents are also provided. A brief description of each model follows below:

Business Reference Model: The HR LOB Business Reference Model (BRM) is the foundation of the enterprise architecture. The BRM provides an end-to-end description of the HR business processes to describe the Federal Government. The BRM has become the acknowledged standard used by public and private entities to understanding the HR processes of the Federal Government. (http://www.opm.gov/egov/documents/architecture/BRM_Report_V2.pdf)

Data Model: The objective of the HR LOB Data Model (DM) is to identify the data needed to execute the HR LOB BRM processes. The HR LOB DM is depicted at the conceptual and logical levels to describe the data in as much detail as possible, but it does not specify how the data will be physically implemented in a database. The DM will enable the Federal Government to communicate more accurately and efficiently about the structure, content and purpose of HR data by encouraging standardization of data description, data context and data sharing. (http://www.opm.gov/egov/documents/architecture/HRLOB_DM.pdf)

Performance Model: The HR LOB Performance Model (PM) provides a framework for performance measurement and identifies a common set of HR performance measures to be used throughout the Federal Government. This framework can be used to measure human capital strategic outcomes and agency mission results. (http://www.opm.gov/egov/documents/architecture/HRLOB_PM_6.30.06.pdf).

Service Component Model: The HR LOB Service Component Model (SCM) identifies HR services – *service components* – and proposes the means for providing them to its customers – s*ervice delivery*. It provides a framework and vocabulary for guiding discussions between service providers and customer agencies and is meant to be a catalyst for true cross-agency collaboration. (http://www.opm.gov/egov/documents/architecture/HRLOBSCMv2.pdf)

Technical Model: Version 1 of the HR LOB Technical Model (TM) will be developed and published during 2008. This initial version will delineate the key technical requirements for the enabling technologies that underlie HR LOB services. These requirements will provide the

foundation for technology standardization and the resulting reuse of technology and service components across the Federal Government.

The Federal Transition Framework: The HR LOB Federal Transition Framework (FTF), pilot version document was published in June 2006. This document provides clear and consistent information that describes the Governmentwide IT policy objectives and cross-agency initiatives. The FTF does not create policy; rather, it provides a structure to organize and publish information. The enterprise architecture described in the above documents supports FTF objectives. The HR LOB FTF document is available at: http://www.whitehouse.gov/omb/egov/documents/FTF_Catalog_PDF_Ver10_Final_Dec_2006.pdf.

Additional information about the FTF is available at: http://www.whitehouse.gov/omb/egov/a-2-EAFTF.html.

Target Requirements: In September 2006, the Target Requirements for Shared Service Centers Report, version 2, was published, establishing expectations of SSCs with regard to delivery of HR services and systems.

OMB and OPM have established expectations that all SSCs have to meet mandatory requirements for the core areas. SSCs may offer non-core functions; if they do, they must meet the mandatory requirements associated with the non-core areas. Critical requirements may become mandatory requirements over time. New legislation and policies may accelerate the change in requirements designation. SSCs will not be required to meet all useful requirements, but useful requirements will distinguish solutions and services in the marketplace. Over time, market forces will compel SSCs to meet useful requirements.

In order to become an approved SSC, providers will be required to pass two levels of examination:

- Self-evaluation – SSCs will evaluate themselves against all published requirements and indicate whether they meet them or not.
- Demonstration – SSCs will demonstrate their capabilities to meet mandatory requirements for the core areas.

The Target Requirements for Shared Service Centers Report, version 2, is available at http://www.opm.gov/egov/documents/requirements/Reqv2.pdf.

3 HR LOB Concept of Operations

3.1 Highlights of the HR LOB Concept of Operations

The HR LOB initiative has developed a comprehensive concept of operations and service delivery model to help guide the transformational effort of migrating agencies to SSCs. The graphic below depicts, at a high level, the HR LOB Concept of Operations with the core and noncore processes, their placement relative to the agencies and shared service centers, and the supporting architectural artifacts.

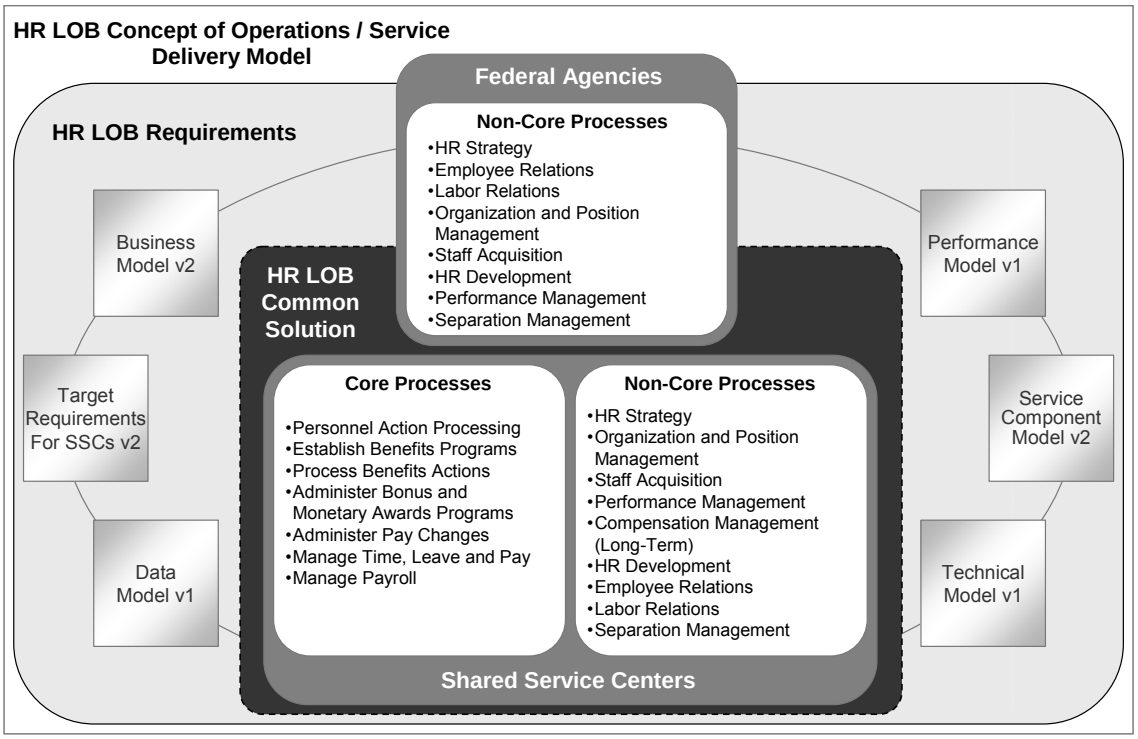

Figure 2: HR LOB Concept of Operations

The HR LOB CONOPS specifically refers to expectations regarding offerings that Shared Service Centers will provide to customer agencies in the near-term and long-term. It also outlines what functions customer agencies will or will not be mandated to migrate to SSCs.

- Under the HR LOB CONOPS, SSCs must provide, and agencies must obtain, human resources information systems (HRIS) for core functions and payroll operations.
- Other non-HRIS services are not mandated, but customer agencies have expressed a desire for these services.
- SSCs providing these services will have a competitive advantage in the marketplace.
- The Target Requirements for Shared Service Centers v2.0 report identifies requirements for non-core functions so SSCs choosing to provide such services have expectations clearly outlined.

- The SSC must meet the mandatory requirements designated as “SSC” only.
- The mandatory requirements designated as “SSC and/or agency” must be performed by a shared service center, a customer agency, or some combination thereof.
- If the SSC chooses to offer services for any of the non-core sub-functions, they must meet the applicable mandatory requirements at the time such services are provided to the customer.
- Customer agencies are not mandated to seek non-core functions from an SSC, but it is anticipated that the e-Gov point solutions will continue to provide services.
- Migration of transactional processes to an SSC will help an agency achieve operational efficiencies and increase its focus on the strategic management of human capital.

4 Migration Guidelines

4.1 Migration Competition Framework

On May 21, 2007, the Office of Management and Budget (OMB) issued a Competition Framework for Human Resources Management Line of Business Migrations. This Framework provides guidance to agencies planning to upgrade or replace their agency's human resources management systems. As such, the Framework is an integral part of the HR LOB Migration Planning Guidance document. The fully executed document is available at http://www.whitehouse.gov/omb/memoranda/fy2007/business_migrations.pdf

Document start

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

May 18, 2007

MEMORANDUM FOR THE PRESIDENT'S MANAGEMENT COUNCIL

FROM: Clay Johnson III
Deputy Director for Management

SUBJECT: Competition Framework for Human Resources Management Line of Business Migrations

The attached memorandum provides guidance to agencies planning to upgrade or replace their agency's human resources (HR) management systems. The guidance builds on the existing OMB policy from FY2004, assisting agencies as they move to a Shared Service Center (SSC). It is a consensus recommendation from the Human Resources Line of Business task force, comprised of representative from your agencies and led by the Office of Personnel Management (OPM).

The policy ensures agencies receive the benefits from competition among all qualified parties. In addition, the policy reiterates that agencies should no longer invest development, modernization or enhancement (DME) funding into their internal HR management systems. The memorandum includes an attachment establishing a framework for the competitive selection of either a public or private SSC. This framework supports the task force's recommendation that when a current system reaches the end of its lifecycle the agency should transition or "migrate" to a SSC. This policy is intended to facilitate, not delay, agency migration efforts. The competitive selection of HR management systems offers an opportunity both to improve the cost, quality, and performance of shared services and to strengthen the federal workforce.

Should you have any questions with this policy, please contact Karen Evans, Administrator, E-Gov and Information Technology, at 202.395.1181.

CHCO COUNCIL

May 21, 2007

MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS
CHIEF INFORMATION OFFICERS
CHIEF ACQUISITION OFFICERS
CHIEF FINANCIAL OFFICERS

FROM: LINDA M. SPRINGER
CHAIRMAN
DIRECTOR
OFFICE OF PERSONNEL MANAGEMENT

CLAY JOHNSON, III
VICE CHAIRMAN
DEPUTY DIRECTOR FOR MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Competition Framework for Human Resources Management Line of Business Migrations

This memorandum provides guidance to agencies planning to upgrade or replace their agency's human resources (HR) management systems. The memorandum discusses the process agencies should use to select providers for these systems and associated commercial support services.

In 2004, the Office of Management and Budget (OMB) launched an inter-agency task force to set direction for the Human Resources Line of Business (HR LOB). The task force concluded that agencies should no longer invest in their own HR management systems. Instead, when a current system reaches the end of its lifecycle, the agency should transition or "migrate" to a Shared Service Center (SSC) that can meet the agency's needs with better service and lower risk.

OMB's policy is that, with limited exception, an agency seeking to upgrade to the next major release of its current HR management system or modernize to a different HR management system must migrate to a public or private sector SSC. OMB and the Office of Personnel Management (OPM) have designated five Federal agencies as public sector SSCs to host an HR system and offer associated HR support services for multiple customers. In addition, the General Services Administration (GSA), in close consultation with OPM and OMB, is expanding offerings on its HR schedule under its Multiple Award Schedules (MAS) Program to facilitate the consideration of contractors who qualify as private sector SSCs.

2

This guidance establishes a framework for the competitive selection of either a public or private SSC. The guidance is designed to ensure agencies preparing to modernize HR systems: (1) consider both public and private SSCs with a demonstrated capability, (2) conduct competition between SSCs in an impartial, structured, and transparent manner, and (3) hold the selected SSC accountable for results through an appropriate implementation structure.

OMB and OPM expect that the attached guidance will be used for migrations focusing on hosting, application management and other services that would not result in the migration of work performed by more than 10 full-time employee equivalents (FTEs). If an agency wishes to pursue a migration involving more than 10 FTEs, the agency shall consult with OMB.

It is OMB's intent to avoid costly and redundant investments in "in-house" solutions for common support services so that shared service operations may achieve their full potential and anticipated returns. A non-SSC agency may upgrade or replace its own HR management system only if the agency demonstrates that investment in a system limited to the agency's own use and associated support represents a better value and lower risk alternative than migration to an SSC.

There must also be a justification for using a limited form of competition, such as public-public competition. The justification shall be documented in the same general manner prescribed in Part 6 of the Federal Acquisition Regulation for the use of other than full and open competition. The forthcoming HR LOB Migration Planning Guidance will contain a template agencies may wish to use in developing this justification.

This policy is intended to facilitate, not delay, agency migration efforts. Nothing in this memorandum changes the expectation that agencies will continue to take all the necessary steps, in the earliest possible timeframes, to meet HR LOB objectives. OMB will work with agencies as revisions are made to the competition framework to determine how such revisions should be handled with respect to an ongoing migration.

This competition framework, and any supplements to the framework, will be incorporated into the HR LOB Migration Planning Guidance. The HR LOB guidance is designed to help agencies describe, prepare for, and manage migrations.

The competitive selection of HR management systems offers an opportunity both to improve the cost, quality, and performance of shared services and to strengthen the federal workforce. We appreciate your careful attention to this memorandum and look forward to working with you to achieve success on this important results-based initiative.

Attachment

Human Resources Management Lines of Business Migration Guidelines

The Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) have developed this guidance for agencies that are planning to migrate their agency's human resources (HR) management systems and services involving commercial activities. This guidance establishes a framework for the competitive migration of these needs to either a public or private (commercial) Shared Services Center (SSC) under the Human Resources Management Line of Business (HRLOB) initiative. Agencies acquiring new HR management systems shall comply with the guiding principles outlined below.

OMB plans to supplement this framework through related HRLOB projects undertaken to increase transparency and standardization of HR management business processes. Agencies shall consult with OMB and the HRLOB prior to initiating planning for an HRLOB migration.

Guiding Principles

1. Consideration of providers with a demonstrated capability.

a. Migration shall result in the selection of an approved public or private sector SSC with a demonstrated ability to leverage technology, expertise and other resources to achieve best value for the taxpayer.

b. Except as provided in subsection 1d., below, the customer agency's consideration of federal service providers shall be limited to those that have been designated by OMB and OPM as an SSC. As of January 1, 2007, the following organizations have been selected as SSCs for HR management:

i. National Business Center, Department of the Interior;
ii. National Finance Center, Department of Agriculture;
iii. HR Connect, Department of the Treasury;
iv. Civilian Personnel Management System, Department of Defense; and
v. Program Service Center, Department of Health and Human Services.

Agencies should consult with the HRLOB Program Management Office or OMB regarding any new SSC designations or changes in current SSC designations.

c. The General Services Administration (GSA) is establishing new special item numbers for Schedule 738 (Schedule 738 Part X) under its Multiple Award Schedules (MAS) Program to facilitate agency consideration of HR solutions offered by private sector SSCs. When conducting migrations through public-private competition or private-private competition (if authorized), agencies are strongly encouraged to obtain private sector proposals using this schedule. Each of the schedule contract holders awarded has been determined by the HRLOB to be a qualified provider. Agencies shall consult with OMB if they intend to obtain

private sector proposals other than through Schedule 738 Part X.

d. A non-SSC agency may upgrade or replace its own HR management system only if the agency demonstrates to OMB that investment in a system limited to the agency's own use and associated support represents a better value and lower risk alternative than migration to an SSC.

2. Use of a competitive process.

OMB strongly favors competitive migrations through public-private competition. Public-private competition facilitates informed decision-making by customer agencies through the comparison of various solutions offered by SSCs and private sector providers. As described below, OMB and OPM anticipate public-private competitions between public SSCs and private SSCs on GSA's Schedule 738 Part X using the simplified procedures described in subsection a. For exceptions, see subsection b.

a. Migrations through public-private competitions.

The process described below is intended to facilitate simplified public-private competitions. This process is authorized only for hosting or other HRLOB activities that are supported by 10 or fewer FTEs in the customer agency. For migrations that may involve activities performed by more than 10 FTEs in the customer agency, agencies shall consult with OMB.

Customer agencies shall conduct public-private competitions that adhere to the following requirements.[1]

i. *Notice of intent to conduct a competitive migration*. Agencies shall publish a notice in FedBizOpps of their intent to conduct a public-private competition for HR management shared services.

ii. *Single solicitation to both sectors*. Agencies shall issue a solicitation inviting offers from at least three public SSCs and at least three private SSCs on Schedule 738.X. The HRLOB Migration Planning Document contains a brief narrative description of each public SSC's offerings and a capability matrix linked to each SSC's self-evaluation against target requirements. Similar information will be provided on private SSCs on Schedule 738.X. Agencies shall consider this information in determining which SSCs should receive the solicitation. The solicitation shall:

A. identify the requirements for preparing offers, including any special

[1] This memorandum constitutes a deviation from Circular A-76 for migrations involving the transition of activities performed by 10 or fewer FTEs. An agency may, but is not required to, follow Circular A-76 for these migrations. However, if the agency wishes to include the in-house provider in the competition, the agency shall confer with OMB regarding the application of the Circular.

instructions (see subsection vi., below, for special instructions applicable to offers from public SSCs); and

B. describes the agency's basis for evaluating offers.

iii. *Performance-based statement of work.* Agencies shall develop a performance-based statement of work giving potential providers sufficient latitude to offer the best and most innovative solutions to meet the agency's needs.

iv. *Price/cost reasonableness.* Agencies shall ensure services are obtained at a fair and reasonable price/cost. Agencies shall require public SSCs to identify the full cost of performance to the government. Proposals from public SSCs must include sufficient detail to allow customers to understand the basis for proposed costs and evaluate price reasonableness.

v. *Impartial evaluation of offers.* Agencies shall evaluate offers from public and private SSCs in accordance with the same set of criteria, a single evaluation panel, and a single selection authority. The source selection process should be transparent and ensure federal service provider and private sector offers are considered on a level playing field.

vi. *Use of FAR policies and procedures.* Agencies shall generally use the policies and procedures of the FAR to guide their competitive migrations. For example:

- Generally, use the procedures in FAR Part 8.4 related to the use of the MAS.
- Offer debriefings to public and private SSCs in accordance with FAR 15.506.
- Allow protests to the agency using the framework provided in FAR Subpart 33.103.

Certain FAR requirements are not applicable to public SSCs. For example, a public SSC is not required to include: (a) a labor strike plan, (b) licensing or other certifications, (c) a subcontracting plan, and (d) participation of small disadvantage businesses. Solicitations shall contain a special instruction to identify the FAR provisions that are not applicable to federal service providers.

Note: The solicitation shall make clear that if a public SSC is proposing to subcontract work to the private sector, the federal service provider must provide maximum practical opportunities for small businesses to participate in such subcontracting. In addition, requirements related to a labor strike

plan, licensing and other certifications may apply to work that is subcontracted.

b. Exceptions.

Agencies that wish to conduct a non-competitive migration or a migration based on private-private competition (if authorized) or public-public competition shall prepare a full justification, generally including the type of information called for by section 6.303-2 of the FAR. The justification shall be approved by the agency's Chief Human Capital Officer, Chief Information Officer, Chief Financial Officer, and Chief Acquisition Officer. Agencies may wish to refer to the template in the Migration Planning Guidance when developing this justification. Agencies shall confer with OMB prior to proceeding with a migration through other than a public-private competition. Direct conversions are not anticipated and are not authorized by this guidance absent appropriate justification approved in accordance with this paragraph and by OMB.

In the limited circumstances where a public-public competition is justified in accordance with this subsection, agencies shall describe to OMB the processes that will be used to evaluate potential providers. As a general matter, these processes should require (i) issuance of a performance-based statement of work, (ii) submission of offers that identify the full cost of performance to the government, and (iii) impartial evaluation of offers. Processes should also take maximum practicable advantage of the policies and procedures in the FAR.

3. **Implementation of an accountability structure**.

Irrespective of the source selected, the provider must be held accountable for achieving results and the customer agency must take appropriate steps to ensure good stewardship of taxpayer dollars. Accordingly:

a. If the customer agency selects a private SSC, the customer must administer the contract in accordance with the FAR. In particular, the customer must: (i) have a quality assurance surveillance plan (QASP) and a team in place to implement the plan and (ii) evaluate the SSC's performance on an ongoing basis for consideration in future competitions for federal work.

b. If the customer agency selects a public SSC, the customer and service provider will enter into an inter-agency agreement clearly identifying the workload, performance levels, the method of quality surveillance, and the cost for performance. A team must be in place to implement the QASP and the agency must also be prepared to evaluate the public SSC's performance on an ongoing basis for consideration in future competitions.

5

c. Contracts and agreements will include performance metrics so that performance of core functions and other value added services can be periodically evaluated and adjustments made where necessary, including consideration of a new public or private SSC over the longer term if service is not satisfactory.

d. Agencies shall incorporate appropriate performance periods into their agreements with public SSCs and contracts with private SSCs, considering the nature and risk associated with the service to be provided.

e. Performance standards will include specific exit criteria whereby the customer agency may leave the agreement when there is a failure to perform.

f. Agencies shall ensure inter-agency agreements with SSCs satisfy the requirements of the Economy Act, 31 U.S.C. 1535, or other authorities, as applicable.

4. Tracking results.

Customer agencies shall monitor performance, regardless of the selected service provider, for all performance periods stated in the solicitation. Performance measurement and reporting shall be consistent with OMB and FAR guidance on earned value management. See OMB Memorandum M-05-23, *Improving Information Technology (IT) Project Planning and Execution;* the *Capital Programming* Guide (supplement to OMB Circular A-11, Part 7); and FAR Subpart 34.2, *Earned Value Management Systems.*

Document end

4.2 Exception Business Case Template

Agencies that wish to conduct a non-competitive migration or a migration based on private-private competition or public-public competition shall prepare a full justification. The justification shall be approved by the agency's Chief Human Capital Officer, Chief Information Officer, Chief Financial Officer, and Chief Acquisition Officer. Agencies may wish to use the following Exception Business Case Templates in preparing their justification to the Office of Management and Budget. Section 4.2.1 contains the template that agencies may wish to use prior to the schedule of private sector shared service centers being in place. Section 4.2.2 contains the template that agencies may wish to use after the schedule of private sector shared service centers is in place.

4.2.1 Exception Business Case Template – prior to private sector schedule establishment

This section provides an Exception Business Case template applicable before the private sector GSA Schedule has been established.

Document start

E·GOV

Insert Agency Name

Rationale for Agencies' Selection of a Federal Shared Service Center (SSC) in advance of the availability of Private Sector SSCs

Exception Business Case Template and Outline

April 2007

Introduction (HR LOB developed)

The Office of Personnel Management (OPM), as Managing Partner of the Human Resources Line of Business (HR LOB) initiative, has, since April 2004, engaged over 24 agencies in defining the vision and goals of the initiative. The vision is to create governmentwide, modern, and cost effective, Human Resource (HR) solutions providing core functionality to support the strategic management of Human Capital. The goals of the HR LOB are to allow the Federal civilian workforce to focus on improved management, operational efficiencies, cost savings or avoidance, and improved customer service. These goals will allow agencies to transform their internal human resource focus from an emphasis on administrative processing to strategic planning support for agency leadership and increased customer service and counseling for managers and employees.

To achieve the HR LOB vision and goals, the HR LOB Task Force recommended that the government establish Shared Service Centers to provide agencies with modern human resources solutions on a fee for service basis and also that the government modernize and standardize human resource business processes.

The HR LOB has already established five Federal Shared Service Centers (SSCs) to provide agencies with core HR processing services as well as other IT and non-IT services. The HR LOB takes a phased approach to delivering HR services through shared service centers that are based upon modern solutions and open architecture concepts. At present, eighty-five percent of the Federal work force is receiving service from these Shared Service Centers.

The timing of migration decisions will be most dependent on the state of an agency's current HR solution and how imminent the need for modernization is for each agency. Each agency is expected to work closely with the HR LOB and OMB to determine their readiness for the selection of, and migration to an SSC. This exception business case provides the rationale for agencies that supports the need to migrate to a Federal SSC before the private sector schedule is established.

E-GOV

Statement of Need (Agency developed)

This section contains a description of the agency's operating environment. This section should explain why the agency needs to migrate to a Federal shared service center now, and why it cannot wait for the private sector schedule to be in place.

Describe the risks associated with maintaining status-quo. Some examples may include:

- The agency's systems are outdated and falling apart,
- the agency has funding in the current budget year to replace systems,
- or other current factors driving the need to go to a shared service center.

Required Services (HR LOB developed)

The HR LOB Target Requirements for Shared Service Centers version 2.0 defines the requirements that SSCs must provide to agencies and the HR LOB Business Reference Model version 2 is an end-to-end business process model for Federal HR to the activity level. Both documents are available on OPM's website at http://www.opm.gov/egov/documents. At a minimum, agencies must obtain human resources information systems for the core functions (personnel action processing and benefits management) and payroll operations from an SSC. Compensation Management includes payroll which may be provided by an e-Payroll provider or an SSC. Agencies should also consider whether they wish to seek non-core functions from an SSC. The HR LOB Concept of Operations (CONOPS) is described below for the core functions.

The Office of Personnel Management's *Guide to Processing Personnel Actions* defines a **Personnel Action** as "the process necessary to appoint, separate or make other personnel changes." The concept of personnel action is not specific to a single HR LOB Business Reference Model sub-function. Rather, it is a concept that converges with multiple activities across the BRM – activities that result in a change to employee status or other key employee data.

The HR LOB shared service centers will provide a personnel action solution that offers the capability to initiate and process a personnel action. The solution will use automated workflow to route the personnel action through its approval sequence and provide appropriate notifications. It will seamlessly connect to other HR LOB and other e-Gov HR solutions. Agency personnel will continue to initiate and approve personnel actions. Employees will receive electronic notification of personnel actions that have been processed on their behalf.

The HR LOB Business Reference Model defines the sub-function **Compensation Management** as "the adoption of nondiscretionary (governmentwide), agency-discretionary and alternative compensation programs that are fair and equitable, and that promote employee retention. Award and bonus payout strategies are devised and

administered. Work schedules are established and time worked is recorded and approved. Leave taken is reconciled against leave accrued to determine leave balances. Payroll is processed and reconciled, and employee pay and other third-party disbursements are generated. Labor costs are distributed, as appropriate, to the appropriate cost accounts."

Shared service centers (SSCs) will play a key role in core compensation management activities. SSCs will provide a compensation management solution that includes tools to support managers' pay and award decisions. The solution will use self-service and automated workflow to manage time reporting and approval. SSCs will also offer self-service capabilities to enable employees to enter employee-furnished payroll data (e.g., direct deposit, withholding). SSCs will provide automated support for leave processing. They will also manage the end-to-end payroll process including setup, processing, disbursement, reporting and compliance. SSCs will provide employees and managers with secure access to leave and pay data. They will also provide customer support to employees and managers for any leave, pay or time and attendance questions or issues. An SSC's solution will seamlessly connect to other HR LOB and other e-Gov HR solutions.

The HR LOB Business Reference Model defines the sub-function **Benefits Management** as "designs, develops and implements benefit programs that attract, retain and support current and former agency employees. This sub-function includes: establishing and communicating benefits programs, processing benefits actions, and interacting as necessary with third-party benefits providers."

The HR LOB shared service centers will provide a benefits solution that offers web-based employee self-service capabilities for benefits enrollment. For governmentwide benefits programs, plus selected agency-specific benefits programs, SSCs will activate benefits enrollments based on predefined business rules and make benefits participation data available to payroll and to benefits providers. SSCs will deliver benefits communication to employees and may provide benefits counseling to employees. For agency-specific benefits programs, SSCs will provide consultative support to agencies on communication content and approach and will provide facilities and media to deliver benefits communication to employees.

The Benefits Management sub-function of the HR LOB Business Reference Model contains two processes that break down to a total of nine activities. Shared service centers will support seven of the nine BRM activities. Agency and SSC involvement in these seven activities is described below.

Required Services (Agency developed)

This section should describe all agency requirements and the services needed from a Federal shared service center, including agency unique requirements.

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Market Analysis (HR LOB developed)

In August 2005 the OPM Director announced the selection of five Federal SSCs:

- Department of Agriculture's National Finance Center (NFC)
- Department of Defense (DoD)
- Department of Health and Human Services (HHS)
- Department of Interior's National Business Center (NBC)
- Department of Treasury (Treasury)

All of the Federal SSCs have the capability to meet the HR LOB concept of operations and at a minimum deliver the mandatory core SSC requirements. Differences do exist, however, in areas including SSC core technologies, service delivery models, and schedule for customer migrations. SSC service offering summary information is provided below:

Shared Service Center	System Base	Payroll Provider	HR Staff Support Services (Non-HRIT)
USDA NFC	Payroll/Personnel System (PPS) and stand alone HR (EmpowHR) and T&A (Web Star)	NFC	Partnered with Animal and Plant Health Inspection Service
DoD	Defense Civilian Personnel Data System (DCPDS) with Payroll interface	DFAS	Aligned to DoD Regional Service Centers
HHS	CapitalHR	DFAS	HHS SSC Resources
DOI NBC	Federal Personnel and Payroll System (FPPS) and Quicktime (T&A)	NBC	NBC SSC Resources
Treasury	HR Connect	NFC	Partnered with Bureau of Public Debt

Service Delivery Model: Department of Agriculture's National Finance Center (NFC)

The Department of Agriculture, through the National Finance Center (NFC), offers the Payroll/Personnel System (PPS). The PPS provides a full range of integrated HR, Payroll and time and attendance services. The NFC also offers Web Star, a web based time and attendance system and EmpowHR, a web based PeopleSoft HR application.

Together, the PPS, Web Star, and EmpowHR support employees in 50 agencies. The PPS is an integrated in-house developed personnel and payroll system (PPS). Web Star

is also developed in-house. EmpowHR, which interfaces to PPS, is a PeopleSoft application. All of the systems are maintained in-house.

NFC is planning to support non-IT services through its partnership with the Animal and Plant Health Inspection Service.

Service Delivery Model: Department of Defense (DoD)

The Department of Defense (DoD), through the Civilian Personnel Management Service (CPMS), offers the Defense Civilian Personnel Data System (DCPDS). CPMS, in partnership with the Defense Finance and Accounting Service, provides payroll and time & attendance services.

DCPDS is DoD's enterprise civilian HR information management and transaction processing system supporting DoD and non-DoD civilian employees. DoD also maintains support for the Executive Office of the President and the Broadcasting Board of Governors. The HR IT system is an Oracle-based, customized system for which CPMS is responsible for functional and technical oversight.

Non-IT services are provided through 22 DoD Regional Service Centers (RSCs) and advice and assistance is provided by multiple Customer Support Units (CSUs) worldwide. The RSCs and CSUs are owned by the Army, Navy, Air Force, the National Guard Bureau, and DoD agencies. Customer agencies desiring support would be aligned with this same service delivery model.

Service Delivery Model: Department of Health and Human Services (HHS)

The Department of Health and Human Services (HHS), through the Program Support Center (PSC), offers the CapitalHR system. The PSC, in partnership with the Defense Finance and Accounting Service, provides payroll and time and attendance services.

CapitalHR is HHS' enterprise civilian HR information management and transaction processing system. Currently HHS maintains support for internal customers only. The HR IT system is a PeopleSoft based, customized system and the PSC is responsible for functional and technical oversight.

Non-IT services for new HHS customers will be provided through a newly established HR service center. Customer agencies desiring non-IT support would be aligned with this service delivery model.

Service Delivery Model: Department of Interior's National Business Center (NBC)

The Department of the Interior, through the National Business Center (NBC), offers the Federal Personnel Payroll System (FPPS). The FPPS provides a full range of HR, payroll and time and attendance services. The NBC also offers time and attendance support through the web based Quicktime system.

The FPPS is NBC's enterprise integrated HR information management and transaction processing system supporting employees in 30 agencies. The HR IT system was developed in-house using a suite of Software AG products. Software maintenance is performed in-house. The Quicktime system which is web based was also developed in house. Software maintenance is performed in-house.

Non-IT services can be provided at one of four NBC locations or at the customer site.

Service Delivery Model: Department of Treasury (Treasury)

The Department of Treasury offers the HR Connect system. The Treasury, in partnership with the National Finance Center, provides payroll and time and attendance services.

The HR Connect is Treasury's enterprise web-based solution built on PeopleSoft's commercial off-the-shelf (COTS) software. The solution offers a wide range of HR IT functionality including personnel action processing, position management, base benefits, and workflow as well as Employee and Manager Self Service capabilities. The HR Connect currently services employees of the Department of the Treasury, employees within the components of the Departments of Homeland Security and Justice, and employees of the Department of Housing and Urban Development (HUD).

Treasury is planning to support non-IT services through its partnership with the Bureau of Public Debt (BPD)'s Administrative Resource Center (ARC), which is a franchise service unit that already provides support services to various Federal entities. The BPD's ARC was not evaluated during the selection process.

Summary of Agency Market Analysis (Agency developed)

Provide a high level summary of the results of your market analysis including a description of the efforts made to evaluate as many potential sources as possible. The market analysis should also include the results of identified gaps. Agencies should conduct a cost-benefit analysis to support their selection decision. The attached Customer Agency Due Diligence Checklist is recommended to support your analysis.

Rationale for selection of a Federal SSC (Agency developed)

Suggested topics for inclusion:

- Existing business relationships with an HR LOB provider
- Existing SSC functionality that satisfies agency-unique requirements (for example, may include discussion of similar characteristics of existing customer base)
- Summary of cost-benefit analysis supporting selection decision
- Agency-unique needs

- Unique security considerations (may apply to Intel, DHS, or DoD)
- Other factors (directing legislation or regulation)

Selection Recommendation (Agency developed - optional)

This section should contain a recommendation on selected provider including migration timeline and funding availability.

Agency Endorsements of Selection Recommendation (Agency developed - optional)

Provide names and job titles of agency executives that support this selection recommendation.

Attachment A – Customer Agency Due Diligence Checklist (recommended)

Checklist used to select a Federal SSC that supports the agency's market analysis.

Attachment B – SSC Target Requirements Self-evaluation Results

Results from the selected SSC target requirements self-evaluation that demonstrates the SSC's ability to meet agency requirements.

Document end

4.2.2 Exception Business Case Template – post private sector schedule establishment

This section provides an Exception Business Case template applicable after the private sector GSA Schedule has been established.

Document start

E-GOV

Insert Agency Name

Rationale for Agencies' Selection of a Federal Shared Service Center (SSC)

Exception Business Case Template and Outline

April 2007

Introduction (HR LOB developed)

The Office of Personnel Management (OPM), as Managing Partner of the Human Resources Line of Business (HR LOB) initiative, has, since April 2004, engaged over 24 agencies in defining the vision and goals of the initiative. The vision is to create governmentwide, modern, and cost effective, Human Resource (HR) solutions providing core functionality to support the strategic management of Human Capital. The goals of the HR LOB are to allow the Federal civilian workforce to focus on improved management, operational efficiencies, cost savings or avoidance, and improved customer service. These goals will allow agencies to transform their internal human resource focus from an emphasis on administrative processing to strategic planning support for agency leadership and increased customer service and counseling for managers and employees.

To achieve the HR LOB vision and goals, the HR LOB Task Force recommended that the government establish Shared Service Centers to provide agencies with modern human resources solutions on a fee for service basis and also that the government modernize and standardize human resource business processes.

The HR LOB has established a schedule of Federal and private sector Shared Service Centers (SSCs) to provide agencies with core HR processing services as well as other IT and non-IT services. The HR LOB takes a phased approach to delivering HR services through shared service centers that are based upon modern solutions and open architecture concepts. At present, eighty-five percent of the Federal work force is receiving service from the Federal Shared Service Centers.

The timing of migration decisions will be most dependent on the state of an agency's current HR solution and how imminent the need for modernization is for each agency. Each agency is expected to work closely with the HR LOB and OMB to determine their readiness for the selection of, and migration to an SSC. This exception business case provides the rationale for agencies that supports the need to migrate to a Federal SSC rather than conduct a public/private competition.

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Statement of Need (Agency developed)

This section contains a description of the agency's operating environment. This section should explain why the agency should migrate to a Federal shared service center, and not consider private sector SSCs.

Required Services (HR LOB developed)

The HR LOB Target Requirements for Shared Service Centers version 2.0 defines the requirements that SSCs must provide to agencies and the HR LOB Business Reference Model version 2 is an end-to-end business process model for Federal HR to the activity level. Both documents are available on OPM's website at http://www.opm.gov/egov/documents. At a minimum, agencies must obtain human resources information systems for the core functions (personnel action processing and benefits management) and payroll operations from an SSC. Compensation Management includes payroll which may be provided by an e-Payroll provider or an SSC. Agencies should also consider whether they wish to seek non-core functions from an SSC. The HR LOB Concept of Operations (CONOPS) is described below for the core functions.

The Office of Personnel Management's *Guide to Processing Personnel Actions* defines a **Personnel Action** as "the process necessary to appoint, separate or make other personnel changes." The concept of personnel action is not specific to a single HR LOB Business Reference Model sub-function. Rather, it is a concept that converges with multiple activities across the BRM – activities that result in a change to employee status or other key employee data.

The HR LOB shared service centers will provide a personnel action solution that offers the capability to initiate and process a personnel action. The solution will use automated workflow to route the personnel action through its approval sequence and provide appropriate notifications. It will seamlessly connect to other HR LOB and other e-Gov HR solutions. Agency personnel will continue to initiate and approve personnel actions. Employees will receive electronic notification of personnel actions that have been processed on their behalf.

The HR LOB Business Reference Model defines the sub-function **Compensation Management** as "the adoption of nondiscretionary (governmentwide), agency-discretionary and alternative compensation programs that are fair and equitable, and that promote employee retention. Award and bonus payout strategies are devised and administered. Work schedules are established and time worked is recorded and approved. Leave taken is reconciled against leave accrued to determine leave balances. Payroll is processed and reconciled, and employee pay and other third-party disbursements are generated. Labor costs are distributed, as appropriate, to the appropriate cost accounts."

Shared service centers (SSCs) will play a key role in core compensation management activities. SSCs will provide a compensation management solution that includes tools to

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The Benefits Management sub-function of the HR LOB Business Reference Model contains two processes that break down to a total of nine activities. Shared service centers will support seven of the nine BRM activities. Agency and SSC involvement in these seven activities is described below.

Required Services (Agency developed)

This section should describe all agency requirements and the services needed from a Federal shared service center, including agency unique requirements.

Market Analysis (HR LOB developed)

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Service Delivery Model: Department of Agriculture's National Finance Center (NFC)

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Treasury is planning to support non-IT services through its partnership with the Bureau of Public Debt (BPD)'s Administrative Resource Center (ARC), which is a franchise service unit that already provides support services to various Federal entities. The BPD's ARC was not evaluated during the selection process.

Summary of Agency Market Analysis (Agency developed)

Provide a high level summary of the results of your market analysis including a description of the efforts made to evaluate as many potential sources as possible. The market analysis should also include the results of identified gaps. Agencies should conduct a cost-benefit analysis to support their selection decision. The attached Customer Agency Due Diligence Checklist is recommended to support your analysis.

Rationale for selection of a Federal SSC (Agency developed)

Suggested topics for inclusion:

- Rigorous justification why private sector SSCs will not be considered for selection
- Existing business relationships with an HR LOB provider
- Existing SSC functionality that satisfies agency-unique requirements (for example, may include discussion of similar characteristics of existing customer base)
- Summary of cost-benefit analysis supporting selection decision
- Agency-unique needs
- Unique security considerations (may apply to Intel, DHS, or DoD)
- Other factors (directing legislation or regulation)

Selection Recommendation (Agency developed - optional)

This section should contain a recommendation on selected provider including migration timeline and funding availability.

Agency Endorsements of Selection Recommendation (Agency developed - optional)

Provide names and job titles of agency executives that support this selection recommendation.

Attachment A – Customer Agency Due Diligence Checklist (recommended)

Checklist used to select a Federal SSC that supports the agency's market analysis.

Attachment B – SSC Target Requirements Self-evaluation Results

Results from the selected SSC target requirements self-evaluation that demonstrates the SSC's ability to meet agency requirements.

Document end

4.3 Due Diligence Checklist

Document start

Office of Personnel Management

HR Line of Business Initiative

Attachment A:

Customer Agency Due Diligence Checklist

April 2007

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ATTACHMENT A: CUSTOMER AGENCY DUE DILIGENCE CHECKLIST

The following checklist is intended to be used by customer agencies in documenting various aspects of service delivery by an SSC. This checklist is a living document and will be updated from time to time as the HR LOB moves forward. This checklist outlines areas of evaluation essential for the successful selection of an SSC.

Evaluation Criteria 1. Technical Approach / Methodology	
Question / Definition	
1.	The Shared Service Center (SSC) must demonstrate a thorough understanding of HR functions and requirements as defined by the HR LOB Business Reference Model (BRM.) The SSC should also demonstrate a sound I/T technical approach including overall system architecture, security, scalability, privacy, interoperability, and portability as evidenced by past performance and current plans and capabilities. The Shared Service Center services must be in compliance with all applicable laws and regulations as well as Federal security and privacy guidelines.
1.1	Does the SSC meet your defined needs as demonstrated by their completion of the self-evaluation against the HR LOB target requirements?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.2	What HR IT products does the SSC offer, including specific vendors and the strategy in place to foster competition among HR product providers?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
1.3	If the SSC uses a COTS ERP solution, what are the modules of the ERP solution that the SSC provides or proposes to provide, and to what extent has it been customized? Does the SSC use or propose to use other point solutions in lieu of some delivered ERP modules?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.4	Does the SSC produce and deliver an array of both routine and/or specialized (ad hoc) reports to meet the needs/requirements of customers and provide the capability for customer organizations to self generate reports? (check requirements)
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.5	How does the SSC house and allow access to historical HR data?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
SSC ___:	
1.6	Does the SSC's system reconcile and synchronize data to prevent unnecessary duplication of employee records and the need to enter data more than once across the different modules of the system?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.7	Did the SSC provide detailed demonstrations and direct observation of the features and capabilities of its system(s)?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.8	What is the SSC's customer base and does the agency use all of the applications provided by the SSC?
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
1.9	What is the SSC's methodology for adding new capabilities to its system? How does it perform testing, ensure user acceptance, and ensure a seamless implementation of the new capabilities? What is its system development life cycle methodology?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.10	What is the SSC's system capacity for processing and storage? What formal steps has it taken to ensure that the addition of new customers will not adversely impact the system capacity for processing and storage while maintaining response time for current customers? What is the strategy for expanding its capacity, if needed?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.11	What is the SSC's pricing methodology, what services are included, and is there the flexibility to pay only for services received (cafeteria approach)?
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.12	How does the SSC's pricing methodology address the financing of technology upgrades and replacement?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.13	Does the SSC support your agency's unique security requirements?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.14	How has the SSC incorporated the governmentwide information security rules into its technical approach and methodology, including "workarounds"?

SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.15	What core weaknesses were identified in the SSC's latest security and privacy audits and what Plans of Actions and Milestones (POA&Ms) does it have in place to address those weaknesses and vulnerabilities?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.16	What is the SSC's Disaster Recovery Plan and/or Continuation of Operations Plan (COOP)? What is its test schedule? What were its most recent test results? What is the customer role in execution?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
1.17	What is the SSC's migration plan that accommodates your unique or specialized characteristics? For example, an agency-wide migration plan versus a phased-in migration plan or a small, simple migration plan versus a large, complex migration. Does the migration plan include operational readiness and expansion capacity?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
1.18	What is the SSC's strategy to manage change during agency migrations, to cover communication, training, business processes, and schedule? Did the SSC include an example of its actions addressing unexpected disruptions in similar situations?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

Evaluation Criteria 2. Staffing Approach / Methodology	
Question / Definition	
2.	The Shared Service Center must demonstrate the ability to provide adequate staff with the necessary disciplines, skills, and competencies. The Shared Service Center must also demonstrate the ability to plan, manage, develop and expand their workforce to meet customer needs.
2.1	Does the SSC's human resources service delivery staffing model include: Workforce development strategies Customer service staffing Processing and Information Technology support Any other customer support mechanism Staffing level management to handle ongoing and variable workloads (such as during customer migrations) Changes, if any, to accommodate customer needs
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
2.2	What is the SSC's succession plan for staffing critical positions? Can the SSC demonstrate its ability to plan, manage, and develop the workforce?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

Evaluation Criteria 3. Service Delivery Experience	
Question / Definition	
3.	The Shared Service Center must demonstrate present and past experience in providing HR services, experience in change control management, technical performance, and customer service performance.
3.1	What is the SSC's experience in cross servicing and performing migrations for diverse client agencies?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.2	What are the SSC's current measures and metrics in place with its customers, how does it use these metrics to improve performance and how does it plan to address future requirements?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.3	What is the SSC's customer satisfaction rating, how is it measured, and how does it compare to industry standards?
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
3.4	What core weaknesses were identified in the SSC's latest service delivery audits (internal audits, third party audits, etc.) and how does it plan to address those weaknesses and vulnerabilities?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.5	How does the SSC's telecommunications environment and internet capability support its current service delivery mechanism?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.6	Did the SSC provide references that attest to its capability and performance as a service provider and its ability to deliver quality HR services?
SSC ___:	
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.7	Does the SSC accommodate customers who would like to use other best-of-breed point solutions, "bolt-ons" or services provided by other vendors and/or HR SSCs? If so please describe how.
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.8	Does the SSC interface with the other HR e-Gov initiatives (EHRI, e-Training, e-Clearance, e-Payroll and ROS)?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.9	What is the SSC's experience and approach to interfacing with external systems, including front-end and back-end feeds to financial, Payroll, HR, and management information systems? Did the SSC identify any supported self-service systems?
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.10	How will the SSC integrate multiple systems to enable single sign-on, single point of entry for data, synchronization and reconciliation?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
3.11	How will the SSC integrate its system to provide adequate identity management? Does the SSC have a plan to integrate with e-Authentication?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

Evaluation Criteria 4. Management	
Question / Definition	
4.	The Shared Service Center must demonstrate a robust management plan that will include tracking and reporting progress, identifying and resolving issues, managing change, maintaining an efficient organizational structure, and effectively managing corporate and/or subcontractor teaming. Shared Service Centers should also provide risk assessment and mitigation strategies (both for your system and for customer service and customer migration), project management, and integration.
4.1	What is the SSC's change control approach? The response should include: Membership of the Change Control Board Frequency of meetings Resources devoted to supporting research and recommendations to the change control board Problem report tracking and resolution Change request and approval procedures Prioritization methodology Release schedule and notification procedures
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
4.2	What is the SSC's customer relationship management plan and process?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

SSC ___:	
4.3	Did the SSC describe its Customer Control Board? The response should include: Membership of the Customer Control Board User Groups Frequency of Meetings Decision-making process On-going communication
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
4.4	Does the SSC plan to use outside contractors for implementation or other areas of this initiative? If yes, then how does the SSC plan to use them and oversee their performance? What is the SSC's contracting approach (i.e. performance-based, share-in-savings, etc.)?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
4.5	What risk management plans does the SSC have in place and what are the associated mitigation strategies?
SSC ___:	
SSC ___:	

SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
4.6	Does the SSC have a fully developed risk mitigation plan, strategy, and back up system(s) in the event of vendor contract noncompliance or failure?
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	
SSC ___:	

Document end

5 Migration Roles and Responsibilities

5.1 Office of Personnel Management (OPM)

OPM is the managing partner of the HR LOB initiative and is working in formal partnership with numerous Federal agencies. OPM has strategic oversight responsibilities for the migration of the customer agencies to SSCs. As agencies begin the migration process, OPM's responsibilities will include:

- Providing human capital advice and leadership for the President of the United States and Federal agencies.
- Delivering human resources policies, products and services.
- Holding agencies accountable for their human capital practices.

5.2 Human Resources Line Of Business (HR LOB) Program Office

The HR LOB Program Office will serve as the lead in the HR LOB governance structure and provide consultative support and oversight of all migration activities including:

- Assistance to agencies in their selection of an SSC.
- Oversight of migration activities.
- Receipt and analysis of deliverables (see Section 7).
- Development of governmentwide requirements for the successful delivery of HR services and solutions.

5.3 Customer Agencies

Customer agencies are the key stakeholders in the migration process. Specifically, agencies will be expected to perform the following roles:

- Assess and define agency strategic direction.
- Select an SSC.
- Develop a joint SSC-Agency strategic migration plan upon selection by the Agency.
- Complete the migration in accordance with the migration plan and other transition requirements.
- Report migration progress to HR LOB through the use of deliverables, templates and information as described in Section 7.

5.4 Shared Service Centers (SSCs)

Shared Service Centers' role in the migration process is one of business process excellence, negotiation and partnership. Specifically, SSCs will be required to perform the following:

- Respond to Agency solicitations for shared services.
- Develop a joint SSC-Agency strategic migration plan upon selection by the Agency.
- Complete the migration in accordance with the migration plan and other transition requirements.
- Report Migration progress to HR LOB through the use of deliverables, templates and information as described in Section 7.
- Provide ongoing services at agreed-upon performance levels.

5.5 General Services Administration (GSA)

OPM and GSA have partnered to establish and administer a schedule of private sector SSCs on Multiple Award Schedule 738.X, for which the Federal Acquisition Service at GSA is the responsible party.

6 Migration Roadmap

This Migration Roadmap is being provided to assist customer agencies in their migration efforts. A basic tenet of the HR LOB Program is that moving some agency HR operations to the shared service center will free up agency resources to allow HR to be more strategic and provide more value to the agency. The Roadmap provides a broad approach that addresses this transformational intent. It includes five phases:

1. **Assess Phase.** During this phase, the agency envisions how it can best deliver HR services to support the mission of the agency and develops the business case for change.
2. **Define Phase.** During this phase, the agency develops detailed requirements that will be a basis for provider selection.
3. **Select Phase.** During this phase, the agency selects a partner / provider and negotiates the partnership, including service level expectations.
4. **Migrate Phase.** During this phase, the agency and provider work together to move selected operations from the agency to the service center.
5. **Operate and Improve Phase.** During this phase, performance results are used to identify opportunities for improvement.

Supporting tools are provided in Section 7.

6.1 Assess Phase

In this phase, each agency will develop its strategy to determine which functions will migrate to the SSC. Moving highly transactional administrative services and systems to a shared services environment will allow agency HR resources to focus on more strategic activities. The overall objective of the Assess Phase is to envision this new more strategic HR organization and understand the effort required to realize the transformation within the agency, via the HR LOB shared services-based Concept of Operations.

This phase begins with a reconciliation of the HR mission against the mission of the agency. A future HR service delivery model and operating model are devised to reflect this vision, and decisions are made about which HR functions are to be moved to a shared services environment and which will be retained at the agency. Strategies are developed for IT and organizational change and an initial transformation roadmap is devised to lay out the overall effort and time frame to achieve HR transformation. HR transformation governance is established. A business case is developed to estimate overall costs and benefits and to make a projection about breakeven and return on investment.

Major Assess Phase activities are outlined below. The agency is responsible for all of the results.

- Reconcile HR vision to agency mission and vision.
- Gather detailed operational and administrative data.
- Identify applicable HR benchmarks, best practices.
- Devise and validate future HR service delivery model.
- Baseline current HR services delivery measures and metrics.

- Describe retained HR scope of services.
- Devise and validate HR transformation governance strategy; document governance charter.
- Devise and validate HRIT strategy.
- Develop HR transformation roadmap.
- Perform organizational readiness assessment.
- Devise and validate change management strategy, communication strategy.
- Develop business case.

6.2 Define Phase

The overall objective of the Define Phase is to design a future HR operation that mirrors the Assess Phase strategy and operating models and moves the agency toward shared services in a manner that makes sense for the agency while meeting the overall goals and objectives of the HR LOB. The results of this phase are used as a basis for the provider selection that is done in the next phase. Each agency will take its own approach to achieving its transformational objectives and moving to the shared services concept.

This phase begins with further definition of the HR service delivery and operating models. A Concept of Operations may be developed to define the future business processes, data, and performance measurement indicators. Detailed provider requirements are compiled and validated. A workforce plan is developed to understand the future competencies, skills and abilities required to excel in the new environment and compare them to current competencies, skills and abilities to identify gaps and plan for closing gaps. The organization readiness assessment and the business case completed in the previous phase are refined to accommodate this new information. And a change management plan is created to specify the effort required to move the agency through the transition to shared services.

Major Define Phase activities are outlined below. The agency is responsible for all of the results.

- Develop detailed requirements for in-scope processes.
- Evaluate workforce to develop workforce plan.
- Revise organization readiness assessment.
- Develop change management plan.
- Devise and validate training strategy.
- Develop performance framework and service level management process.
- Revalidate the HR IT Strategy against detailed requirements.
- Refine business case to incorporate additional information.

6.3 Select Phase

The overall objective of the Select Phase is to identify a product or service provider that meets the needs of the customer agency and to define and establish the strategic partnership between the two parties.

This phase begins with an effort on the part of the customer agency to proactively define a value-based selection process that will result in a successful partnership decision. The agency identifies applicable requirements and business rules that form the basis for the selection decision. The agency must follow the guidelines stipulated in the Competition Framework (see Section 4 of this document) to engage in procurement activities associated with its SSC selection. The agency proactively drives their selection decision by gathering and evaluating information on the provider and evaluating the provider's performance and capabilities. A selection decision is made based upon predetermined criteria, the partnership is negotiated between the customer agency and its new business partner / provider and joint governance is established.

Major Select Phase activities, along with entity(s) responsible for results, are outline below.

- Compile and validate detailed requirements (responsible: customer agency).
- Devise marketing strategy (responsible: provider).
- Create task order (responsible: customer agency).
- Conduct provider demonstrations (responsible: customer agency and provider).
- Build decision model (responsible: customer agency).
- Use decision model to select provider (responsible: customer agency).
- Establish joint governance (responsible: customer agency and provider).
- Negotiate partnership (responsible: customer agency and provider).
- Fill key partnership roles:
    - Transition Manager (responsible: customer agency)
    - Relationship Executive (responsible: provider)

6.4 Migrate Phase

The overall objective of the Migrate Phase is to move toward the future HR service delivery model, transferring selected operations from the agency to the shared services provider with no disruption of service to customers – agency employees, managers and supervisors – while simultaneously managing the impact of the change upon the customer agency.

The phase begins with a migration strategy and plan that proposes an overall approach to migration and details the resources and time frames needed to move to the end state defined in the previous phase. Process designs are finalized and corresponding procedures and job descriptions are developed. A training strategy and training plan provide for equipping people to perform in this future state. A detailed project plan and data conversion specifications are developed, tested, and executed. During and after the migration, migration costs and lessons learned are gathered and analyzed.

Major Migrate Phase activities, along with entity(s) responsible for results, are outline below.

- Perform a detailed fit-gap analysis (responsible: customer agency and provider).
- Devise and validate migration strategy; develop and execute detailed migration plan (responsible: customer agency and provider).
- Develop and execute detailed project plan (responsible: customer agency and provider).

- Develop detailed data conversion specifications (responsible: customer agency and provider).
- Normalize provider and customer agency processes; document new procedures; revise existing procedures (responsible: customer agency and provider).
- Identify and execute system modifications and business process changes (responsible: customer agency and provider).
- Revise job descriptions as necessary (responsible: customer agency).
- Implement new job roles and responsibilities (responsible: customer agency and provider).
- Devise and execute training strategy; document individual training and development plans (responsible: customer agency).
- Convert data (responsible: customer agency and provider).
- Perform migration cost analysis (responsible: customer agency and provider).
- Identify and record lessons learned (responsible: customer agency and provider).

6.5 Operate and Improve Phase

The overall objective of the Operate and Improve Phase is to ensure providers are meeting service level expectations and to leverage performance experience to identify performance improvement projects.

During this phase, the customer agency and shared service center work together to capture, report, and analyze performance data. The results of this performance analysis are used to identify opportunities for further improvement. The HR Transformation Roadmap is updated to include these newly-identified initiatives.

Major Operate and Improve Phase activities, along with entity(s) responsible for results, are outline below.

- Gather and report performance results (responsible: customer agency and provider).
- Review financial performance against business case objectives (responsible: customer agency and provider).
- Analyze performance results against expectations to identify improvement projects (responsible: customer agency and provider).
- Review and revise HR transformation roadmap (responsible: customer agency).

7 Migration Roadmap Deliverables, Information, and Templates

A set of migration tools was developed in 2006 and compiled in a document titled "HR LOB Migration Roadmap." This document was presented to the HR LOB Multi-Agency Executive Strategy Committee (MAESC) in September 2006 and approved for use in the Migration Planning Guidance. Its purpose is to:

- Help customer agencies and SSCs prepare for and manage migration of selected functions to the shared services environment.
- Establish a consistent format for migration reporting to the HR LOB Program Management Office (PMO).

The document includes tools that were used for the e-Payroll migration and additional new tools proposed for use in SSC migrations based on best practice research. Each tool falls into one of three types:

1. Deliverables – documents customer agencies and SSCs are required to submit to HR LOB during the migration process for reporting and tracking purposes.
2. Information – documents provided by HR LOB PMO that will include best practices for potential use by the Shared Service Center and Customer Agencies.
3. Templates – preset formatted documents that can be used and re-used at customer agency and SSC discretion.

The tables that appear in this chapter define each tool, grouped by type, and link the documents to a website that provides the tools.

The following graphical depiction shows the five phase methodology (introduced in Section 6 above) with corresponding practices, inputs, outputs, and roles and duties as assigned to each participant in the transformation process.

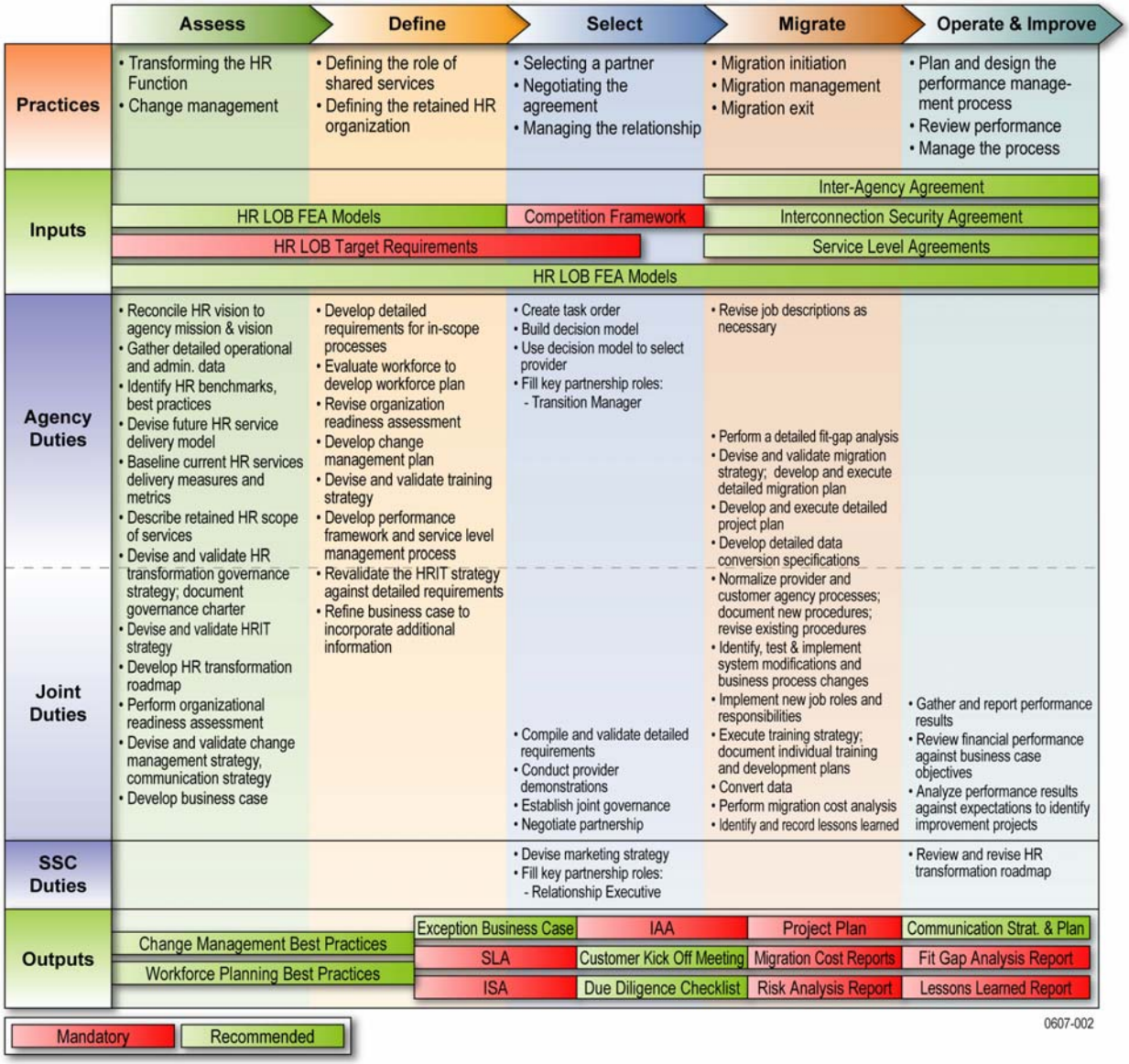

Figure 3: Practices, duties, inputs and outputs by Phase

7.1 Deliverables

Deliverables – In accordance with the HR LOB Migration Roadmap document, customer agencies and/or SSCs are required to submit these deliverables to the HR LOB PMO during the migration process.

The column titled *"Submission Responsibility"* denotes which organization is responsible for submission. The columns titled *"HR LOB PMO Use"* and *"Use Description"* indicates how the deliverable will be used by the HR LOB PMO during the migration process:

Report – HR LOB PMO will use information in the deliverable to report on migration progress.

Oversight – HR LOB PMO will use information in the deliverable to monitor migration progress and take action as necessary and / or appropriate.

Review – HR LOB PMO will review the information in the deliverable to use in downstream LOB activities (e.g., EA deliverables, requirements gathering, future migrations).

DELIVERABLES					
Document	**Document Description**	**Submission Responsibility**	**HR LOB PMO Use**	**Use Description**	**Submission Schedule**
Project Plan	Establishes a schedule of migration activities performed by the agency and SSC. A mechanism to track activities and budget against plan	SSC	Report and Oversight	Track activities against plan. Report to HR LOB PMO and other external agencies on migration progress. Provide for early detection of migration issues.	60 days after customer kick-off meeting and subsequent periodic updates Link: Migration Planning Guidance Deliverables, Templates, and Info\2.1 Project Plan.doc
Service Level Agreement	Outlines the scope of services the SSC will supply to the customer agency	SSC	Oversight	Binding document to hold SSC and customer agency accountable for prescribed roles, responsibilities and cost	30 days after execution Link: Migration Planning Guidance Deliverables, Templates, and Info\2.2 Service Level Agreement.doc

DELIVERABLES					
Document	**Document Description**	**Submission Responsibility**	**HR LOB PMO Use**	**Use Description**	**Submission Schedule**
Interagency Agreement	Indicates the terms under which services will be provided to the customer.	SSC	Oversight	Binding document to hold provider and customer agency accountable	30 days after execution and migration start Link: TBD
Migration Cost Report	Establishes migration costs for providers and customer agencies	Customer agency will work with SSC to complete. The SSC will submit to HR LOB PMO	Report	Per MOU, OPM has responsibility to conduct reviews of HR SSC delivery against established measures and metrics. Baseline measures will aid in reporting performance progress in Y1 and out years as well as cost savings against the business case.	10th of each month Link: TBD upon development of competition framework and RFP
Risk Analysis Report	Identifies any customer-specific migration risk plus activities that will be initiated to eliminate or mitigate the risk	Customer agency will work with SSC to complete. The SSC will submit to HR LOB PMO	Oversight	Manage migration risk and feed HR LOB Risk Management Report.	30 days after completion of the initial project plan Migration Planning Guidance Deliverables, Templates, and Info\2.4 Risk Analysis Report.doc
Communication Strategy and Plan	Creates a group of integrated activities for planning, developing and issuing project-related	Customer agency will work with SSC to complete. The SSC will submit to HR LOB PMO	Report	Feeds HR LOB communication plan	30 days after completion of the initial project plan Link: Migration Planning Guidance

DELIVERABLES					
Document	**Document Description**	**Submission Responsibility**	**HR LOB PMO Use**	**Use Description**	**Submission Schedule**
	communications. It is designed to build stakeholder acceptance and support – both internally and externally – for process and system changes				Deliverables, Templates, and Info\2.5 Communication Strategy and Plan.doc
Fit Gap Analysis Report	Identifies all system or business process changes that will be needed for migration	SSC	Oversight	Manage migration risk	60 days after the completion of the initial project plan Link: Migration Planning Guidance Deliverables, Templates, and Info\2.6 Fit Gap Analysis Report.doc
Lessons Learned Report	Summarizes the overall results of the migration and highlights any critical standardization opportunities discovered during the course of migration	SSC	Review	Incorporate lessons learned into future HR LOB deliverables and activities (e.g., EA deliverables, service delivery model, future migrations)	45 days after migration. Link: TBD

Table 4. Migration Deliverables

7.2 Information

Information – the documents in this section are for information purposes only and include best practices and other helpful resources for potential use by the customer agencies and SSCs. They can be used as reference materials for the facilitation of successful migrations to the selected SSC.

INFORMATION		
Document	**Document Description**	**Audience**
Change Management - Organizational Impact Analysis - Change Readiness Assessment	Used to identify and size constituencies impacted by the migration and assesses the magnitude of impact to each key constituency in terms of change in job roles and responsibilities, required skills and knowledge, processes and enabling technologies.	SSC Customer Agency Link: Migration Planning Guidance Deliverables, Templates, and Info\3.1 Change Management Best Practices.doc
Workforce Planning	Details key assessment activities for transitioning affected staff to a shared services environment	Customer Agency Link: Migration Planning Guidance Deliverables, Templates, and Info\3.2 Workforce Planning Best Practices.doc

Table 5. Migration Information

7.3 Templates

Templates – the documents in this section include recommended templates for customer agencies and SSCs across multiple areas including operational readiness, training, and IT security. These templates can be modified by agencies and SSCs to fit their situation and environment.

TEMPLATES		
Document	**Document Description**	**Audience**
Customer Kick-Off Meeting	Provides an agenda, objectives and a starter deck for a migration kick-off session	SSC Customer agency Link: Migration Planning Guidance Deliverables, Templates, and Info\4.1 Customer Entrance Meeting Presentation.ppt
Operational Readiness Assessment	Verifies that shared service centers have implemented controls necessary to deliver consistent, efficient services in a secure and effective manner. May serve as input into a go/no go decision for migration of a customer agency.	SSC Link: Migration Planning Guidance Deliverables, Templates, and Info\4.2 Operational Readiness Assessment.xls
Migration Training Strategy	Details major components of a training strategy for assessing customer agency training needs and developing and delivering training on processes and systems	SSC Customer agency Link: Migration Planning Guidance Deliverables, Templates, and Info\4.3 Training Strategy.doc

TEMPLATES		
Document	**Document Description**	**Audience**
Rules of Behavior	Specifies common behavioral guidelines for all SSC systems with respect to IT security.	SSC Customer agency Migration Planning Guidance Deliverables, Templates, and Info\4.4 Common Rules of Behavior.doc
InterConnection Security Agreement	Addresses the need for the interconnection and the security controls required and implemented to protect the confidentiality, integrity, and availability of the systems and data.	SSC Customer Agency Link: Migration Planning Guidance Deliverables, Templates, and Info\2.3 InterConnection Security Agreement.doc

Table 6. Migration Templates