United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Civil Service, Committee on Government Reform and Oversight, House of Representatives

For Release on Delivery
Expected at
9:00 a.m., EDT
Thursday
May 23, 1996

GAO's DOWNSIZING EFFORTS

Statement of John H. Luke, Deputy Assistant Comptroller General for Human Resources

GAO/T-OCG-96-4

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss GAO's downsizing efforts, including our ongoing reduction in force (RIF). Specifically, as you requested, I will address (1) our strategic planning process to restructure our workforce, (2) the development and implementation of our new RIF rules, and (3) the differences between our RIF rules and appeal rights and those for executive branch agencies. In addition, I would like to discuss the impact of our downsizing efforts on our veteran workforce.

In summary, we believe that we used a thorough and rational process to guide our downsizing efforts and to develop new RIF procedures. While the changes we made to our RIF rules were not dramatic departures from those governing the executive branch, they provided us with the tools required to meet our needs. These new rules also eased the burden for some staff who were affected by the RIF.

GAO's Downsizing Plans

In 1992, GAO began a gradual reduction in its staff levels. At that time, GAO had about 5,300 staff on board; on July 31, 1995, we had around 4,350 staff. Over the three-year period, this reduction was accomplished principally through a general hiring freeze (which remains in effect today), buyouts, and normal attrition.

Last year, the Congress directed a 25 percent reduction in our funding—15 percent to be accomplished in fiscal year 1996 and an additional 10 percent in fiscal year 1997. Because nearly 80 percent of our budget pays for salaries and personnel-related costs, we reached the unavoidable conclusion that the agency could not absorb these reductions without significantly downsizing our workforce.

In response to this budget situation, the Comptroller General established a team of senior level managers to assess the impact of the funding reductions and develop a plan for achieving these reductions. In July 1995, the Comptroller General approved the team's plan to reduce GAO's workforce by about 850 employees over 14 months. Under the plan, GAO's workforce would be reduced to about 3,500 by the beginning of fiscal year 1997. The goal of the plan was to achieve large reductions in a way that would avoid major disruptions in our workplace, while leaving us with the skills required to carry out our mission and maintain current production levels.

These reductions were to be achieved in three phases.

- Phase 1 was a separation incentive program that ended in September 1995. During this program, 393 employees left GAO. Of those, 179 were from headquarters mission offices, 149 from field offices, and 65 from headquarters support offices.
- Phase 2 was the November 1995 closure of three field offices—New York, Cincinnati, and Detroit. A total of 143 staff were separated from these offices, including 104 evaluators.
- Phase 3 is the ongoing RIF of support staff agency wide. Under this RIF, which will be completed in June 1996, 143 employees will be separated.

In addition, we anticipate that 171 staff will be off our rolls by October 1, 1996. This includes staff to be transferred with GAO's claims function to other agencies and normal attrition. In all, as shown in table 1, since July 1995, 850 staff will have left GAO. At this level of operation, we believe we will be able to maintain productivity while avoiding major disruptions and imbalances in our staff mix.

Table 1: Staff Leaving GAO July 31, 1995 - October 1, 1996

	HQ Mission Offices	Field Offices	HQ Support Offices	GAO-Wide Total
Sept. 1995 Buyout	179	149	65	393
Nov. 1995 RIF	0	143	0	143
Jun. 1996 RIF	46	19	78	143
Other Attrition	107	30	34	171
Totals	332	341	177	850

Note: Other attrition includes 37 staff being transferred with the Claims function to other agencies, as well as anticipated attrition through October 1, 1996.

To summarize, by October 1, 1996, GAO's staff will have been reduced from about 5,300 in 1992 to 3,500 — a reduction of nearly 35 percent.

Developing and Implementing New Rif Rules

The 1996 Legislative Branch Appropriations Act granted GAO authority to develop and implement its own RIF regulations. We were to minimize disruption and promote efficiency in GAO, while using the same retention criteria as the executive branch. As you are aware, those criteria are tenure, veterans preference, length of service and performance.

A draft RIF order was developed with employee and management input by a group of experts under the general direction of a top management team. Staff and managers were briefed on the new rules, given a draft of the order and the opportunity to review it and provide written comments. Many comments were received, and to the extent feasible, changes were made to the order to address concerns. The order was finalized and distributed to all staff in February 1996. To implement our support staff reductions, in April 1996 we issued 154 RIF notices, (143 separations, and 11 downgrades/reassignments).

In implementing the order GAO followed procedures standard in the executive branch, such as

- maintaining existing organizational structure
- freezing staff transfers
- reviewing position descriptions
- verifying staff personnel data
- establishing job groups
- developing retention registers
- identifying positions to be eliminated
- releasing staff in inverse order of their standing on the retention registers.

In addition, we are providing our separated staff with considerable assistance in starting new careers. We have expanded our career counseling offices to provide staff with computer-based access to job information. We are also providing training in resume preparation and interviewing skills, and offering individual counselling as needed.

Differences Between GAO and Executive Branch Rif Regulations and Appeal Rights

GAO's RIF rules differ very little from executive branch rules. As previously discussed, our legislation required that we give due effect to tenure, veterans preference, performance, and length of service — the same factors used in the executive branch. Additionally, the Comptroller General made a commitment to the Congress to maintain veterans rights in RIF as they are provided in the executive branch. Among the major differences in our new RIF rules are the following:

- GAO staff are in four different pay systems, thusly we decided to recognize this condition by separating them in our new RIF rules. This is not currently possible in the executive branch. This allowed us to reduce our support staff and bring it in line with a staff level of 3,500 without disrupting audit operations.

- We developed a more graduated system for granting performance credit than the steep step system used in the executive branch. However, the maximum performance credit of 20 years available under executive branch rules was retained.
- We included permanent full-time and part-time employees in the same competitive grouping in order to minimize the impact of employee work schedules on retention.
- We allowed employees within 1 year of retirement eligibility to defer the effective date of separation until their first date of retirement eligibility. This prevented staff from losing retirement benefits.

Further, GAO made only limited changes to the procedures governing challenges to its RIF actions. As before, a GAO employee who receives a RIF notice and believes that the RIF action was improper may file an appeal with GAO's Personnel Appeals Board (PAB), rather than with the Merit Systems Protection Board, which hears executive branch appeals. Two changes were made in the appeals procedures. First, the period for filing an appeal was extended from 20 to 30 days, to be consistent with timeliness requirements governing other PAB appeals. Second, as directed in the legislation, the revised RIF regulations now provide that the PAB is not authorized to stay a RIF action pending resolution of the appeal. The PAB has established special procedures for considering appeals on an expedited basis.

Impact of Downsizing on Veterans

Our downsizing strategy has had little impact on our veteran workforce. In July 1995, GAO employed 761 veterans, about 17.3 percent of our total population. As of May 1996, we have 623 veterans on board, or 16.6 percent of our total population. This reduction is due primarily to the 120 veterans who voluntarily left through the most recent buyout program.

As discussed, because of funding cuts by the Congress, GAO has conducted two RIFs since November 1995. The first, which occurred in November 1995, resulted in the closure and separation of all staff in three field offices. Of the 143 staff who were separated, 13 were veterans (9.1%). In the second RIF, which will be completed in June 1996, 143 staff will also be separated. Of these, 5 (3.4%) are veterans.

In addition to the RIFs, veterans took part in our most recent buyout program. Congress authorized GAO to offer buyouts to all staff and a total of 120 veterans (30.5 percent of the total veteran population) took advantage of this program. The vast majority of the veterans who left under this program were eligible for retirement.

In closing, Mr. Chairman, I would like to publicly recognize our staff, those being involuntarily released as well as those remaining. They have made the best of a very difficult situation. We are proud of them.

Thank you for the opportunity to be here to discuss these matters with you. I will be glad to answer any questions you may have.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are $2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

http://www.gao.gov